

Annual Members' Meeting – Minutes

Date: Thursday, 3 March 2022 at 10:30 am AEDT

Meeting: Annual Members' Meeting for the Heidelberg Australia Superannuation Fund

Present: The Trustee Directors, Towers Watson Superannuation Pty Ltd
The Fund Consultant
The Fund Actuary
The Fund Auditor for the 2020/21 Year

The minutes comprise a summary of key aspects of the presentation, questions and answers.

1 Welcome

Ms Piaia, a Trustee Director and the Chairman of the Meeting, welcomed everybody to the *2021 Annual Members' Meeting for the Heidelberg Australia Superannuation Fund*.

Ms Piaia ran through some housekeeping noting:

- microphones had been muted;
- members were able to log a question in the Q&A facility at any time. At the end of the meeting the appropriate presenter would answer the questions;
- minutes of the meeting would be available on the Fund website towards the end of March 2022; and
- the presenters would endeavour to answer the questions raised during the Annual Members' Meeting but, if this is not possible, the minutes would provide a record of any questions which were not able to be answered in the live forum, along with a response.

In addition, Ms Piaia reminded members that the presenters could not provide personal financial advice so any information to be provided at the Annual Members' Meeting would be general information only which does not take into account any member's particular objectives, financial circumstances or needs. It is not personal or tax advice. Any examples included would be for illustration only and not intended to be recommendations or preferred courses of action. Members should consider obtaining professional advice about their particular circumstances before making any financial or investment decisions based on the information provided at the Annual Members' Meeting.

2 Agenda for the Meeting

Ms Piaia stated that the presenters would provide an overview of the Fund, how the Fund is invested and the key highlights for the 2020/21 year. The presenters would then respond to questions.

3 In attendance

The presenters introduced themselves individually.

Directors of the Trustee of the Heidelberg Australia Superannuation Fund:

- Andrea Piaia
- Jackie Downham
- Travis Dickinson
- Luke Carroll

Executive and other official roles of the Heidelberg Australia Superannuation Fund:

- Andrew Hawthorn (Fund Consultant, Willis Towers Watson)
- Farah Billimoria (Fund Actuary, Willis Towers Watson)
- Jason Gilbert (Senior Audit Manager, Crowe)

4 Overview of the Fund

Mr Hawthorn, the Fund Consultant, provided an overview of the Fund, explaining the role of the Trustee, Policy Committee and the advisors to the Trustee.

Mr Hawthorn noted that the Policy Committee is made up of equal representatives from the members and the Company. The current member elected representative is GK Ng and the Company appointed representative is Con Xanthos. The Policy Committee meets on a quarterly basis.

Mr Hawthorn gave an overview of the three membership sections (Defined Benefit, Accumulation, and Retained) of the Fund and outlined the membership and asset split for each section at 30 June 2021. Mr Hawthorn confirmed that the Fund was closed to new members. He then went on to discuss the key feature and benefits provided to members of the Accumulation section and those applicable to members of the Defined Benefit section.

Mr Hawthorn went on to explain the investment choice options available to members, there being four diversified options and a Cash option available to accumulation and retained members and the non-defined benefit related accounts for defined benefit members. The key differences between the five investment options were outlined, those being the split between growth and defensive assets, the performance objective for each option and each option's probability of generating a negative return in any one year. Mr Hawthorn confirmed that switching between investment options is permitted and that all switches are implemented at the end of each month.

Everybody has a different appetite and tolerance for the level of volatility (sometimes called risk) that they are willing to take. The Trustee recommends that members seek professional finance advice before deciding which option may be most suitable for their particular circumstances.

The functionality of the Fund's website was highlighted and is where members are directed to access the latest information on the Fund and various publications including details of the Fund's investment and benefits, latest Annual Report and newsletter. The Fund's website is where members can access various forms to make changes to their personal details, change their investment options and update their beneficiary details.

5 Investment Management

Mr Dickinson, a Trustee Director, advised that the Trustee has appointed Towers Watson Australia Pty Ltd (TWA) to provide investment advice.

The Fund adopts a multi-manager approach through a series of investment trusts. The Trustee utilises active funds management in asset classes where there is good opportunity for adding value (usually growth assets such as property and shares) and passive funds management in asset classes where there is less opportunity for the investment manager to add value. Passive managers may also be used to manage investment risk.

This multi-manager approach was illustrated by Mr Dickinson. At 30 June 2021, the Fund was invested across nine separate trusts involving six different investment managers.

6 This year in review – 2020/21

Mr Dickinson gave an overview of the key activities and highlights for the 2020/21 Fund year.

The investment returns for the Fund's four diversified investment options were listed for one, three, five and 10 year periods. Each of the options had provided returns above their respective CPI+ objectives over designated measurement periods and the comparative performance of the Fund had also been strong. This was illustrated by the Fund's Growth option investment return relative to the median returns from the industry survey SuperRatings.

Mr Dickinson also provided details of the Fund's investment returns for the six months to 31 December 2021.

During 2021, the Trustee made two changes to the Fund's investment strategy. Firstly, the Trustee transitioned money invested in international fixed interest to Australian fixed interest. The move was made on the advice of the Trustee's Investment Consultant on the view that Australian fixed interest provided a more favourable outlook. Secondly, money held in the DEXUS Wholesale Property Fund, which is an Australian direct property fund, was transitioned to global listed property and invested with a new manager, Resolution Capital.

Mr Dickinson advised that the Trustee regularly monitors the performance of the Fund and undertakes an investment strategy review each year. The purpose of the review is to make an assessment of the likelihood of the Fund continuing to meet its investment objectives, measure the various risk factors affecting the Fund, determine whether the Fund has sufficient liquidity to meet its immediate and projected liabilities and assess whether the Fund's asset allocation continues to reflect changing investment markets.

Looking ahead, the Trustee will: continue to focus on providing members with quality and timely information about the Fund; focus on ensuring that investment fees and net returns remain competitive; maintain insurance cover that is accessible to members and with fees below peer group funds; continue to review the Fund's investments with the aim of improving the retirement outcomes for members, while working with the Policy Committee to ensure the voices of members are heard.

7 Questions and Answers

7.1 “How are the Fund’s investment being impacted by the current events in eastern Europe?”?

Investment market reaction in the short term has been quite violent and unsettling. We have seen global share markets lose ground quickly and then fresh news can change market sentiment overnight.

Like all superannuation funds, the Heidelberg Australia Superannuation Fund has exposure to global share markets and to the Australian share market. The level of share exposure varies between the Fund’s investment options. The Diversified Shares option is 100% invested in shares while the Capital Stable option has around 30% invested in shares of which 6% is held in listed property.

The Russian share market makes up a very small percentage of global share markets. In fact, it represents around 0.3% of the global share market index. When you consider that the Fund’s options only have a percentage of their assets invested in global shares, the possible exposure to Russian shares at an option level is even smaller. The Trustee’s Investment Consultant is currently looking into what, if any, exposure to Russian shares the Fund’s investment managers actually hold.

The Trustee’s role with the Fund investments it is to ensure that each option is managed according to its objective and its growth/defensive asset split. It is not the Trustee’s role to make short term judgements on investment market movements. Members should always consider their own risk profile and invest in options that reflect this profile.

7.2 “How do retained members manage their income via the Heidelberg Super?”

The Fund is set up to accumulate retirement savings and not to provide an income stream. Subject to satisfying preservation requirements, it is possible for members to make periodic withdrawals from their account in the Fund’s Retained Benefit section. The Fund does not offer an Account-Based Pension product where income can be managed via regular pension payments. To access an Account-Based Pension product, it would be necessary for a member to transfer part or all of their account in the Fund to another superannuation fund that does offer an Account-Based Pension.

7.3 “Are all dividends and distributions re-invested into the portfolio?”

Yes. All dividends and distributions are re-invested by acquiring additional units in the investment trusts.

7.4 “How can I find out what exactly the portfolio of diversified shares consists of?”

The Trustee invests part of the Fund’s assets in share funds. In Australia, the Fund invests with an index fund (the Macquarie Australian Pure Indexed Equities Fund). This fund covers the ASX 300 index which effectively means that that Fund has a proportional exposure in the top 300 companies listed on the Australian Stock Exchange.

For international shares, the Fund is invested across three managers, one of those is also an index fund (iShares International Equity Index Fund). This fund provides exposure to global shares as represented by the MSCI World Index, so the Fund has exposure to the hundreds of stocks that make up the index. The Fund’s other two international share managers also have extensive shareholdings within their portfolios.

8 Close

There being no further business, the Chairman declared the meeting closed at 11:03 am AEDT.

Signed as a correct record.

Andrea Praia

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Chairman

17 March 2022

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Date

Contact

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The Policy Committee

For feedback or to raise an issue or question, please contact a Policy Committee member.

More information:

www.heidaustsf.com