

BEST SUPERANNUATION PTY LTD
ABN 57 070 732 008, RSE LICENCE NO. L0001939, AFSL 530672
AS TRUSTEE FOR THE GOLDMAN SACHS & JBWERE SUPERANNUATION FUND
ABN 55 697 537 183, RSE REGISTRATION NO. R1005271
MINUTES OF MEETING OF THE 2nd ANNUAL MEMBER MEETING
HELD VIA VIDEO CONFERENCE
ON WEDNESDAY 22 FEBRUARY 2022 AT 1:45PM

ATTENDANCE AND APOLOGIES

PRESENT	MS. A MANNING – CHAIRMAN MS. S CAMPBELL – DEPUTY DIRECTOR MR. B JONES – DIRECTOR MS. M MURATORE –DEPUTY DIRECTOR MR. P SUNDBERG – DIRECTOR MR. S TOLPINRUD – DIRECTOR MR. S ROTHERY – DIRECTOR
APOLOGIES	Nil
IN ATTENDANCE	MR. A CHAN – RSE ACTUARY, WILLIS TOWERS WATSON MR. G SAGONAS – AUDITOR, PWC MR. M SAMUELS – ACTUARY, MERCER MS. C TODHUNTER – DEPUTY FUND SECRETARY, MERCER MR. B TULK – FUND SECRETARY, MERCER MR. J CAMILLERI – RISK AND COMPLIANCE OFFICER

1. WELCOME TO MEMBERS

Welcome to Members

Mr Brent Tulk, Fund Secretary, welcomed members to the second Annual Member Meeting (AMM) held by BEST Superannuation Pty Ltd (Trustee) as trustee of the Goldman Sachs & JBWere Superannuation Fund (Fund). Mr Tulk advised the following:

- The meeting would be recorded and available to members on the Fund website;
- Questions not answered during the meeting would be published on the Fund website within twenty-eight days;
- Members are able to ask questions during the meeting via the online Q&A function;
- Questions that relate to personal circumstances would not be answered live, however members are encouraged to contact the Helpline or the Fund website for further information.

Director Introductions

Ms Angela Manning, Chair of the Trustee Board, introduced each member of the Board and also introduced the Fund Actuary and Fund Auditor.

2. CHAIR ADDRESS

Chair Address

Ms Manning explained how the Fund is structured, highlighting the following:

- The Fund is made up of a combination of Goldman Sachs Australia and JBWere current and former staff;
- The Trustee Board is made up of 3 employer representatives and 3 employee representatives, both from Goldman Sachs and JBWere;
- The majority of Board members are also members of the Fund;
- The operations of the Fund are outsourced to external service providers that specialise in superannuation;
- The Board is focused on utilising its own expertise to maintain an effective governance structure and effectively invest member funds to achieve superior returns;

- The average account balance within the Fund is high compared to the average in other superannuation funds in Australia;
- Committee structures are in place to focus on investment management and audit, risk, and compliance;
- The Fund is managed with members' best financial interests as a priority.

Ms Manning provided members with an update on the following matters:

- The Fund remains the number 1 ranked superannuation fund for investment performance over 10 and 15 years to 30 June 2021 within its SuperRatings peer group;
- The Fund is the only MySuper option in the APRA Heatmap to achieve a Net Investment Return (NIR) above 10% over 7 years;
- The Fund ranked 5th in the APRA performance test for the financial year ending 30 June 2021.

Ms Manning highlighted the following key events for the Fund in 2021:

- A primary focus for the Trustee remains on high quality governance and a high performing board;
- The Fund successfully delivered a heavy workload of legislative change, including:
 - Enhanced complaint resolution procedures;
 - Broader breach reporting requirements;
 - Design and Distribution Obligation disclosures;
 - Provision of historical data to APRA;
 - Best "Financial" interests duty;
 - Issuance of a Modern Slavery Statement.
- The Trustee's Modern Slavery statement is available on the Australian Border Force website;
- New website launch;
- The Trustee obtained an Australian Financial Services licence from ASIC;
- Business continuity procedures continued to operate effectively during the ongoing impacts of COVID-19.

Ms Manning discussed the outlook ahead for 2022, highlighting the following:

- The superannuation industry will continue to see regulatory reform;
- APRA and ASIC continue to closely monitor the superannuation industry, and, in particular, underperforming funds;
- The Retirement Income Covenant Review is underway for the Fund;
- The 2022 Federal Election may see further policy announcements for superannuation funds;
- A review of insurance arrangements in the Fund will be conducted in 2022;
- The focus remains on achieving superior long term investment returns and continued good governance.

3. INVESTMENT UPDATE

Investment Update

Mr Paul Sundberg, Chair of the Investment Committee, provided members with an update on investments and Fund performance, highlighting in particular:

- The Fund's overall investment objective is to generate a total net return of at least 4% above inflation over a ten year rolling period;
- In the ten years to 30 June 2021, the Fund has returned 10.90%, with an objective of 5.8%;
- The Fund placed 7th over the seven, 1st over the ten, and 1st over the 15 year periods in the SuperRatings peer comparison rankings for growth options to 30 June 2021;
- The Fund's rankings are reviewed regularly to assess where the Fund sits and how it may improve in line with its investment philosophy.

Mr Sundberg discussed the Fund's investment strategy, highlighting the following:

- The primary driver of risk and return is the Fund's asset allocation which focuses on high growth and a long term investment horizon;
- Risk tolerance measures are in place to manage market volatility;
- Flexibility within asset class allocation ranges allows a dynamic approach, depending on market conditions;
- The Fund's primary focus is quality growth assets.

Mr Sundberg addressed two member questions that were submitted prior to the meeting, as follows:

Question: Thoughts on strategic asset allocation in light of major turning point in rates cycle please?

Mr Sundberg provided the following answer:

- The Fund's current investment thesis considers current interest rates to be well below historical levels. Interest rate rises are expected in 2022, however several rate rises are still needed to bring interest rates to a normal level relative to historical data;
- The Fund continues to maintain its current growth and defensive asset mix. A significant change in asset allocation may only be warranted if the likelihood of a recession is high.

Question: There has been a significant sector rotation taking place since the Fed shifted their policy guidance late last year. Can you please remind us how often you review and change the fund's asset allocation?

Mr Sundberg provided the following answer:

- The Fund's strategic asset allocation is formally reviewed once a year, however it is also considered each month at Investment Committee meetings;

Mr Sundberg discussed the factors that have driven the Fund's outperformance, highlighting the following:

- A long term view is adopted that is biased towards quality equities and quality fund managers;
- The Fund is active with tactical tilts, however day trading is not a strategy that is employed;
- The Fund draws upon the Goldman Sachs and JBWere expertise to provide further views on investment decisions;
- Australian equity decisions are informed by the Australian Equities Working Group, made up of advisors from Goldman Sachs and JBWere;
- International equity exposure is primarily through managed funds and informed via research from the JBWere Investment Strategy Group;
- Looking forward, the Fund continues to look for new opportunities to maintain returns in public and private markets, while maintaining sufficient liquidity.

4. QUESTION & ANSWER SESSION

Mr Tulk concluded the formal part of the meeting and invited members to engage in the question and answer session, noting that similar questions received during the registration process were grouped together to be able to provide more comprehensive answers.

Mr Tulk advised that the Fund will contact members directly regarding questions that relate to their personal circumstances and all general questions and answers will be available on the website within twenty-eight days of the meeting.

A summary of member questions and answers is set out below:

1. *What general advice can you provide to retained benefit members as their balance approaches or exceeds \$1.7 million?*

Mr Tulk provided the following answer:

- In 2017 the government introduced a cap on the amount that can be held in an Account-based Pension before additional taxes apply – the balance cap is currently \$1.7m;
- Members approaching the cap can opt to retain any excess assets (once their account is greater than \$1.7m) in their Retained Benefit account, or elect to take part of their benefit as cash if they have met a condition of release for their superannuation entitlements. You also have the option to rollover excess assets to another superannuation fund in the accumulation phase if you wish;
- We have qualified advisers that can assist you through the process and determine what the best option is for you based on your personal circumstances. These services are funded from existing administration fees and do not come at an additional cost. You can call our helpline on 1800 025 026 for assistance.

2. *Can you explain how the Fund manages ESG in relation to its portfolio?*

Ms Sally Campbell provided the following answer:

- The Fund leverages the work done by the JBWere Managed Research and Alternatives teams. ESG is a key factor when assessing portfolio investment decisions;
- ESG is considered at an organisational level including governance, culture and level of active involvement with industry associations;
- ESG is also considered at a portfolio level and whether fund managers assess risks as part of their portfolio construction;
- The level of appropriate ESG exposure is also considered for each underlying portion of the portfolio.

3. *What efforts are you making to reduce fees?*

Ms Manning provided the following answer:

- The Fund has two main types of fees and costs it incurs which affect fees charged to members:
 - Investment fees;
 - Operational expenses;
- With the assistance of our investment advisors, the JBWere Investment Strategy Group, we negotiate fees with each investment manager. In a number of cases the Fund has achieved rebates to the standard manager charges;
- In terms of operational expenses, there are limited opportunities to reduce them, however, we set annual budgets to maintain fees charged to members at a sustainable and equitable level. This has been the case over a number of years;
- The Board does a cost/benefit analysis on all non-essential expenditure as each project arises;
- The Fund does not charge brokerage fees or investment advisory fees to members;
- We have delivered leading investment performance over a long period. The investment returns credited to member accounts are net of investment fees.

4. *What is your exposure to FANG stocks (Facebook, Amazon, Netflix, and Google)?*

Ms Campbell provided the following answer:

- The Fund holds FANG stocks indirectly through managed funds in the international equity portion of the portfolio. The Fund is currently underweight in the technology sector in the United States region.

5. *I have seen in the media that many funds are now looking at their future and exploring mergers with other superannuation funds – do you have a view on this?*

Ms Manning provided the following answer:

- Generally speaking, those funds that are looking at their future have been forced to do so due to poor investment returns or because it was no longer sustainable to keep the fund running due to ongoing costs;
- We are in a relatively unique position in that we have been able to keep costs down whilst outperforming our peers on investment performance. As such the regulator has not questioned or noted concern about the sustainability of the Fund;
- Whilst there are currently no plans for a merger, we of course always have members' best financial interests on our minds and should any relevant circumstances change, we will consider appropriate options.

6. *I noticed that the Fund released a Modern Slavery Statement at the end of last year – what do you do to ensure the Fund is not caught up in any global slavery practices?*

Mr Tulk provided the following answer:

- 2021 was the first year that we submitted our Modern Slavery Statement which outlines how we comply with the requirements of the *Modern Slavery Act 2018*;
- Our risk assessment analysis indicated that modern slavery practices are unlikely to exist in our direct operations or our supply chain given the nature of our business and the fact that the products and services we offer are operated out of Australia;
- This year we intend to expand our risk analysis to include the investment managers that we invest through, as we appreciate that some of our investment portfolio is invested in higher risk asset classes or jurisdictions such as Emerging Market equities and this therefore poses additional risks of modern slavery practices being present.

7. *Is the Fund invested in Magellan Global?*

Ms Campbell provided the following answer:

- The Fund does not currently hold any positions in the Magellan Global Fund.

One question was not answered live during the meeting. This question can be found in an additional document on the Fund's website, alongside these minutes.

5. CLOSING REMARKS

Mr Tulk thanked members for attending and reminded members that a recording of the meeting will be available on the Fund website within 28 days, along with minutes, and answers to all questions about the Fund.

MEETING CLOSED

The meeting closed at 2:29pm.