

Annual Members' Meeting – Minutes

Date: Thursday, 5 November 2020 at 3:30pm AEDT

Meeting: Annual Members' Meeting for the Oracle Superannuation Plan

Present: The Trustee Directors, Towers Watson Superannuation Pty Ltd
The Plan Consultant
The Plan Auditor for the 2019/20 Year

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

1 Welcome

Ms Piaia, a Trustee Director and Chairman of the Meeting, welcomed everybody to the *2020 Annual Members' Meeting for the Oracle Superannuation Plan*.

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 Panellist would answer the questions;
- minutes of the meeting would be available on the Plan website towards the end of November 2020;
- the presenters would endeavour to answer the questions raised during the Annual Member Meeting but, if this is not possible, the minutes would provide a record of any questions which were not able to be answered in this 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 Member 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 were not intended to be recommendations or preferred courses of action. Members should consider the Product Disclosure Statement (PDS) and obtain professional advice about their particular circumstances before making any financial or investment decisions based on the information provided at the Annual Member Meeting.

2 Agenda for the Meeting

Ms Piaia stated that, in the Annual Member Meeting, the presenters would provide an overview of the Plan, how the Plan is invested and the key highlights for the 2019/20 year. The representatives would then respond to questions.

3 In attendance

The presenters introduced themselves individually.

Directors of the Trustee of the Oracle Superannuation Plan:

- Andrea Piaia
- Kate Maartensz

- David McNeice
- John Burnett

Executive and other official roles of the Oracle Superannuation Plan:

- Jackie Downham (Plan Consultant)
- Neil Brown (Auditor, Deloitte)

4 Overview of the Plan

Ms Downham, the Plan Consultant, provided an overview of the Plan, explaining the role of the Trustee, Policy Committee and the advisors to the Trustee.

Ms Downham noted that the Policy Committee is made up of equal representatives from the members and the Company. The current member elected representatives are Mark Ferguson, James Kellagher and Paul Kortenhorst. The Company appointed representatives are Gina Bensley, Tushar Bind and Brett Reeves. The Policy Committee meets on a quarterly basis and reviews the Plan's investment performance, administration and members services, the Plan's governance arrangements and other topical issues.

Ms Downham gave an overview of the 3 membership sections (Employee members, Retained Benefit members and Spouse members) of the Plan.

Ms Downham gave an overview of the contribution arrangements and noted that Oracle meets the cost of the ongoing administration and other costs of running the Plan for employee and spouse members. Retained Benefit members pay their share of the costs by way of the ongoing administration fee. Oracle also meets the cost of basic insurance cover for eligible employee members.

Ms Downham gave an overview of the insurance cover, for Eligible Employee Members. Eligibility conditions apply for insurance cover so members should refer to the PDS for more details. For example, if a member is an Oracle employee and chooses to have his or her superannuation guarantee (SG) contributions paid to another fund, the member will no longer be eligible for the Plan's death and disablement benefits. Retained Benefit Members do not have insurance cover. Spouse Members can apply for voluntary death cover with the premiums to be paid from their account.

Ms Downham gave an overview of the Plan's website and Member Centre.

5 Investment Arrangements

Mr Burnett, a Trustee Director, gave an overview of the Plan's investment arrangements. Mr Burnett noted that The Plan offers members the choice of 5 investment options. Members can choose one or a combination of options. Members can change options once a month and members can invest future contributions in different way to existing account balances.

Mr Burnett noted that the 5 options have a different split between growth and defensive assets. Growth assets include investments such as shares, property and some alternative assets. The higher the growth assets the higher the expected returns over the long term. However, the higher growth assets have a higher probability of negative returns in any one year. Therefore, members can expect to see greater volatility in the returns. Defensive assets include investments such as cash and fixed interest and some alternative assets. They tend to carry lower risk levels and therefore have a lower expected return over the long term, with less volatility in return and therefore a lower probability of negative returns in any one year.

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.

Mr Burnett noted that the Trustee has appointed Towers Watson Australia Pty Ltd (TWA) as the Plan's Investment Advisor and Consultant. The Plan adopts a multi-manager approach through a series of investment trusts. The Trustee applies this philosophy of using multiple managers to all of the Plan's asset classes, except Cash. In total, the Plan is currently invested in 17 investment products across 12 different investment managers. Members can find details of the investment managers in the 2020 Annual Report which is available on the Plan's website.

6 This year in review – 2019/20

Mr Burnett gave an overview of the key activities and highlights for the 2019/20 Plan year.

Mr Burnett noted that, following a comprehensive review of the Australian and International shares arrangements, the Trustee in late 2019 made changes to some managers and products and, in addition, introduced an "actively managed" component of the international shares portfolio. More recently in 2020, the Trustee conducted a review of the Plan's Fixed Interest and Cash investments resulting in changes to the Fixed Interest and Cash managers. The changes are summarised in the Plan's newsletters and Annual Reports which are available on the Plan's website.

The Investment results for 2019/20 year were provided for the five investment options noting that the Plan year is to 31 May, which is the same as Oracle's company year end. The 5 and 10 year investment performance to 30 September show that the Plan's investment options have been performing well compared to other funds with similar investment strategies. The option returns were shown against the median returns for the top 50 funds in an independent survey published by SuperRatings.

Mr Burnett noted that Covid 19 has had an impact on all aspects of our lives. We saw substantial losses in world investment markets in the March 2020 quarter. Markets stabilised over the June 2020 quarter and some of the losses were recovered. The Plan's service providers have been able to adapt to a new working environment with minimal impact to member services. The Plan has made payments under the Government's Covid 19 early release arrangements to around 3% of members.

Looking ahead, the Trustee will: continue to focus on providing members with quality and timely information about the Plan via newsletters and the website; focus on ensuring that total fees and net returns remain competitive, maintain insurance cover that is accessible to members, and continue to review the Plan'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 **“Given the risk posed by climate change and its effects already felt in Australia, would the fund take steps to divest away from fossil fuels? Would the fund be willing to exclude investments in companies in the oil, coal and gas sectors and also in companies which generate a significant portion of their income as suppliers of goods and services to these industries?”**

Thank you. That's a great question as this is an emerging area and very topical at the moment.

ESG factors are environmental, social, governance or sustainability related factors that have the potential to materially impact the performance of an investment.

The Trustee recognises that ESG factors may create risks which have the potential to affect long-term investment returns and believes that taking these risks into account during the investment process has the potential to improve investment returns or reduce investment risk over the long-term.

We don't currently have an exclusions policy from fossil fuels or companies generating revenues from fossil fuels.

Under the Trustee's investment arrangements, decisions about specific investments are made by the appointed Investment Managers. However, there is a clear expectation both when the Manager is appointed and ongoing, that they have a decision making process that gives careful consideration to relevant issues that may financially affect an investment – including ESG issues such as climate change.

We believe this integration of ESG factors into the investment decision making process is a better way to manage these issues at this time.

Also, when our Investment advisers review and recommend Investment Managers in relation to ESG there are generally 3 areas they consider – integration in decision making (as mentioned a moment ago), voting (the who and how the vote is decided) and engagement (in particular pro-active engagement, which can be influential). These areas and the questions asked are continually evolving.

We have not taken steps away from fossil fuels and have no plans to do so at this time, but the assessment of ESG factors and how Investment Managers deal with these matters is continuing to develop and become an increasing focus for how Investment Managers are assessed and rated.

This is an emerging area that is on our agenda.

7.2 **“What investments, if any, are currently being made in the renewable energy industry by the fund?”**

We have spoken to our Investment Adviser about gathering this information, but it will be difficult to collate as it requires analysis at a stock level. What our Investment Adviser did say was that there is no strategic asset allocation to products with a specific renewables focus.

We will talk further to our Investment Adviser and see if there is any further information we can provide. If further information is available we will let members know.

[This has subsequently been discussed with the Investment Adviser. No further information is readily available because of the difficulty in gathering the information across all the Plan's investment managers. As we continue to develop our sustainability metrics we will consider what information can be reported to members.]

- 7.3 “Are there any plans to update the current web site - allowing for drill down (e.g. from the amalgamated "balanced fund" to the individual funds that are part of the fund) and enhancing date range queries for both on-line and reporting purposes (i.e. allowing for either 3, 5 or life of the fund queries); the individual funds' performances available online....rather than waiting to read about them in the annual report?”**

The trustee intends to comply with the new disclosure requirements for portfolio holdings as required by ASIC (the relevant industry regulator). The new requirements were due to come into effect from the end of 2020, however at this stage the regulator has indicated that it will defer commencement of due to COVID. In addition, regulations setting out the required disclosures are yet to be made.

In the Investments section of the Member Centre (i.e. where members access their own accounts), members can look at the historical investment returns and the returns are updated daily. Members can customise the period over which the returns are viewed. Historical performance is available for the period since the previous review date (i.e. currently going back to 1 June 2019).

Longer term, i.e. 5 and 10 year historical returns are available on members annual benefit statements and also in the Plan's annual report available [here](#)

- 7.4 “I would like to know how I can view what earnings I have received for the last financial year.”**

Investment returns are shown on members' annual benefit statements as well as on the Plan's website through the Member Centre.

- 7.5 “What is Retained Benefit Members?”**

A Retained Benefit member is either a member who is no longer an Oracle employee but has left their benefit in the Oracle Superannuation Plan, or an Oracle employee who has chosen to have their future contributions paid to another fund, but still has an account balance in the Oracle Superannuation Plan.

- 7.6 “Can you please confirm minimum super balance for insurances eligibility?”**

For eligible employee members to receive insurance cover, there is no minimum super balance requirement. Employees must, however, have Oracle's superannuation guarantee (SG) contributions paid to the Plan in order to be eligible for the insurance cover.

Members should refer to the Insurance in your Super guide and the PDS available [here](#) on the Plan's website.

- 7.7 “Can you confirm that my spouse, who isn't an Oracle employee, can have her own superannuation account with this plan and Oracle will also pay for the administration costs?”**

Yes, a spouse member who is not an Oracle employee can have an account in the Plan. Their employer, however, cannot contribute to the Oracle Plan. A Spouse Account can receive contributions that an Oracle employee makes or splits with their spouse, and any super the spouse has chosen to roll over from another fund. The administration costs for Spouse Accounts are met by Oracle.

Members should refer to the Spouse PDS available [here](#) on the Plan's website.

7.8 “Diversified Shares has approximately 6 in 20 years negative returns in Annual Report”

The Investment Objective for the Diversified Shares option is to limit the probability of a negative return over rolling 12-month periods to approximately 6 in 20 years. However, the likelihood of negative annual returns for the Diversified Shares option is 4-6 in any 20 year period (this is called the volatility level or Standard Risk Measure).

7.9 “Are we able to get a more detailed picture of where exactly the funds are invested?”

The Trustee uses a number of different investment managers for each of the different asset classes in which the funds are invested. Each of the managers then invest in many different underlying shares, fixed income assets, property etc. The annual report has details of the different investment managers and the investment products that are used for each of the asset classes.

7.10 “Are there plans to offer 100% international shares option?”

From a Trustee perspective, if there were a demand for a new feature, the Trustee would prepare a cost benefit analysis in order to determine whether it is a change that the Trustee should consider in the best interests of the members. However to date the Trustee and the Plan Consultant are not aware of a demand for a 100% international shares option. It is noted that the diversified shares option has a strategic asset allocation of 70% to international shares and 30% allocation to Australian Shares.

7.11 “Are there plans/ easy way to find out my investment returns using web portal. Currently I can only see graph but not actual list of returns in my account”

On the Member Centre, there is a graph that shows the returns for each of the options. Under the graph there is a table that shows the actual returns.

7.12 “What is the main reason for Diversified Shares SEP-20 -1.9% drop”

A response to this question was not available at the meeting. The following response is now provided.

[There are 3 aspects driving the performance of the Diversified Shares option over any period:

Firstly, which stock markets around the world is the option investing into and in what proportions? This option takes the approach of investing 30% of the option into Australian shares, about 60% into international shares and the rest into emerging market shares.

Secondly, given a significant amount is invested in overseas stock markets, the Plan hedges the currency impact of about half of that international shares allocation. This leaves about 30% of the overall option in unhedged international shares, meaning that the movement of the Australian dollar against overseas currencies will also impact the option’s return.

Finally, each of the Plan’s investment managers is then tasked with either keeping pace with a particular index or beating that index by selecting shares in different weights to that index.

For the month of September 2020 the Diversified Shares option return was -1.9%. This return can be split into four components based on the underlying investment manager returns: the Australian shares return of -1.2%, the hedged international shares return of -0.8%, the unhedged international shares return of -0.1% and the emerging market shares return of 0.2%.]

7.13 “Where would we be able to get info on the investment costs?”

The investment costs are available in the Product Disclosure Statement [here](#) and the Additional Information reference document [here](#) on the Plan’s website under Forms and Publications.

7.14 “What are the remedial actions taken by investment managers and trustee to protect against further negative effects by COVID-19 and the economic downturn?”

The Trustee maintains a diversified portfolio. The Trustee believes this is the best way to deal with shocks to markets. We are also conscious that the different investment options are chosen by members with different time horizons and risk appetites so, for a growth, balanced or shares option, we are investing for the long term and we expect some level of volatility, i.e. we expect periods of good performance and also periods of poor performance and we don't react to any one of them. The primary way we protect the portfolio is by being diversified and we don't plan to react to each period of volatility as doing so increases the risk of worsening returns rather than improving returns.

7.15 “In Plan Member Statement, I see TWA (which I understand is the Super Trustee), AAS (Australian Administration Services) and then there's a line mentioning "Part of Link Group". Could you please explain how TWA, AAS & Link Group are tied together?”

The Trustee is Towers Watson Superannuation Pty Ltd (TWS) and TWA is our parent company which provides consulting and administration services to the Plan. TWA outsources the administration to a third party provider; AAS who are part of the Link Group. There is no relationship between TWA and AAS or the Link Group.

7.16 “What are the specific steps being taken to mitigate the risk that climate changes presents to future returns for the investment funds, and to ensure investments being made are consistent with achieving next zero carbon footprint by 2050?”

Under the Trustee's investment arrangements, decisions about specific investments are made by the appointed Investment Managers. But there is a clear expectation, both when the Manager is appointed and ongoing, that they have a decision making process that gives careful consideration to relevant issues that may financially affect an investment – including ESG issues such as climate change.

This is an evolving area that is on our agenda.

7.17 “How can we update the ratio of the investment category?”

This question was not answered during the Meeting as its meaning was not clearly understood. The member who asked this question is encouraged to contact the Trustee to provide further clarifying details.

7.18 “Would those contributions by me to the spouse account count towards my concessional limit or towards my wife's concessional limit?”

This was considered to be a personal question. As the Trustee cannot provide personal financial product advice or tax advice, a response to this question was not provided at the Meeting.

[If an Oracle employee member splits their concessional super contributions with their spouse, the contributions still count towards the employee member's concessional contributions limit. Members should refer to the Spouse PDS available [here](#) for further details.]

7.19 “What is the minimum contribution or frequency to maintain the insurance/benefits? You were a bit vague. Where is this documented on your website?”

Oracle's superannuation guarantee (SG) contributions must be paid to the Plan for you to be eligible for death and total and permanent disablement cover. Standard cover will cease to apply if you are a Plan member but have your Company super contributions paid to another fund.

[Other eligibility conditions apply and members should refer to the Insurance Guide available [here](#) on the Plan's website.]

- 7.20 “Is it possible to share roughly how which of the investment options are most popular? Could more varieties of the most popular investment options be provided? e.g. more diversified investment options – with more exposure to international markets, for example.”**

The Growth option and the Balanced option are the most popular options. Members have flexibility to mix and match the options if they wish to change the exposure to different asset classes. As there is not a specific international shares option, however, members cannot increase their exposure to international shares.

[As at 30 September 2020 approximately 48% of the Plan’s assets were invested in the Growth option, 19% in the Diversified Shares Option, 18% in the Balanced option, 10% in the Stable option and 5% in the Cash option.]

- 7.21 “Can we get the Board's opinion on how our funds have been performing over time - specifically with what was presented in slide 22?”**

The investment returns to 30 September 2020 compared to the SuperRatings median returns over 5 and 10 years show the returns. However it is difficult to compare options on a like for like basis as different funds have different strategic asset allocations and different levels of risk.

- 7.22 “Has the committee considered conducting a poll of members to establish demand for other investment options?”**

The Policy Committee had not considered this suggestion, but it will be raised at the upcoming meeting.

[This suggestion was subsequently discussed with the Policy Committee at its quarterly meeting on 13 November 2020. The Committee agreed that the Plan offers a reasonable variety of options from which members can choose and there is flexibility to mix and match options. The Committee also noted that the Plan is paid for by the employer for employee members and the employer does not have an appetite to meet the significant costs associated with increasing the options available to members. Therefore, the Committee agreed there is no need to increase the investment options that are currently available to members.]

- 7.23 “Are you looking to raise the overall rank of the Oracle Super fund? What is the current rank?”**

Over the 5 and 10 years to 30 September 2020, most of the Plan’s investment options are above median when compared to similar investment options in the independent SuperRatings survey as shown on slide 22 of the meeting papers. However it is important to note that different funds have different underlying strategic asset allocations and risk appetite and therefore members should consider obtaining financial advice when comparing investment returns.

- 7.24 “At least one of the employee representatives listed earlier in the presentation is no longer with Oracle. How do you ensure that the employee representatives are still current Oracle employees who can represent the members?”**

The representatives on the Policy Committee come from all member groups, not just employee members. Therefore some of the member representatives may be Retained Benefit members.

8 Close

There being no further business, the Chairman declared the meeting closed at 4.30 pm AEDT.

Signed as a correct record.

Andrea Pavia

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Chairman

2 December 2020
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Date

Contact**The Plan Administrator**

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Human Resources

Contact HR for queries about Choice
of Fund or payroll matters

The Policy Committee

Members can also contact their local Policy Committee member to provide feedback
or to raise an issue or question

More information, including in relation to each member's benefits:

- <https://super.towerswatson.com/super/oracle>
- Member Centre (login required)