

## ClearView Life Nominees Pty Limited (ACN 003 682 175)

### Minutes of the ClearView Retirement Plan (CRP) Annual Members Meeting

Date: Thursday 24 March 2022 at 10.00am

Venue: Webinar and ClearView

<b>Directors Present:</b>	Jane Paskin – Chair Alan Bardwell Jenny Lyon	David Hartley Susan Young
<b>Apologies:</b>	Nil	
<b>Attendees:</b>	Simon Swanson – Managing Director Judilyn Beaumont – General Counsel Alexandra Canipel – Company Secretary	Max Murray – Auditor (Deloitte) Deborah Lowe – General Manager, Wealth Management Justin McLaughlin – Chief Investment Officer Other attendees are listed in the attendance register

**Opening comments** The opening of the meeting was slightly delayed due to a technical issue which was resolved promptly.

**Ms Deborah Lowe – General Manager Wealth Management** Ms Lowe opened the second Annual Members Meeting (**AMM**) of the ClearView Retirement Plan (**CRP**) at 10.05am, noted that a quorum was present and that there were no apologies from the Directors of the ClearView Life Nominees Pty Limited (**CLN**) Board. She advised that CLN's external auditor, Mr Max Murray of Deloitte Touché Tomatsu was also in attendance.

Ms Lowe introduced herself as General Manager, Wealth Management at ClearView, welcomed those present in the room and in attendance virtually, and advised that in accordance with the Notice of Meeting sent to Members, the speakers, other than herself, at the meeting were:

- Ms Jane Paskin – Chair of the CLN Board;
- Mr Justin McLaughlin – Chief Investment Officer of ClearView; and
- Mr Simon Swanson – Managing Director of ClearView.

Ms Lowe advised Members that ClearView representatives were unable to answer any questions that pertain to members' personal financial situations and that the presentation, questions and answers session, and minutes from the meeting may include general financial advice. She noted that before Members make a decision in relation to their personal financial needs, they should consider and read the relevant Product Disclosure Statement which is available on the ClearView website or by contacting ClearView directly.

Ms Lowe advised that the presentation related to the financial year ending 30 June 2021 and asked that Members please also remember investment returns are not guaranteed and past performance is not a reliable indicator of future returns.

Ms Lowe explained that speakers were available to answer questions where appropriate at the end of the presentations and encouraged attendees to submit their questions using the Webinar Question & Answer function.

Ms Lowe introduced Ms Paskin – Chair of the CLN Board.

#### Chair's Address

#### Ms Jane Paskin – Chair of the CLN Board

The Chair welcomed attendees to the second annual members meeting and introduced herself and the CLN Directors, who were present in the room, and provided the members with an overview of the varied skills around the Trustee board table:

- Mr Alan Bardwell – a chartered accountant with many years 'risk' experience;
- Ms Jenny Lyon – an actuary with many years of experience in financial services, including superannuation;
- Mr David Hartley – extensive experience managing investments and formally Chief Investment Officer of Sunsuper;
- Ms Susan Young – varied business experience including investment banking; and
- Ms Jane Paskin – background in Financial Services law and formally a senior partner in the financial services group at Clayton Utz.

Ms Paskin advised the Members that Ms Young would retire from the CLN Board at the end of the meeting and on behalf of the directors, the staff at ClearView and the Fund's members, thanked Ms Young for her many years of the utmost professional service as Trustee Director.

Ms Paskin made some general comments highlighting the important role that superannuation plays in delivering Australians a more comfortable retirement and in helping the economy to be resilient and flourish which underpins the standard of living.

Before talking about member outcomes assessments, Ms Paskin acknowledged that it had been another challenging year with the on-going pandemic and, more recently, devastating floods and horrendous world events in the Ukraine impacting global stability. Ms Paskin explained the member outcomes assessment process and explained which products were deemed contemporary and traditional products.

### **WealthFoundations (Contemporary Product)**

WealthFoundations is a retail master trust superannuation fund. To undertake the Trustee's assessment, the WealthFoundations product was benchmarked against other retail master trusts as well as industry fund competitors.

Based on this assessment, the CLN Board determined that the financial interests of members of WealthFoundations are being promoted by CLN, the trustee company. She spoke to some key findings including:

- WealthFoundations has a choice of investment portfolios designed to meet member needs;
- Portfolios have been managed with a focus on preserving capital and reducing potential losses considering recent market conditions. This positioning based on a long-term outlook, has contributed to some investment products underperforming;
- The options, benefits, facilities, and fees were determined to be appropriate for members. Fees on average sit within the second quartile against peers;
- There had been significant growth in both funds under management and the number of members in WealthFoundations which were positive signs that the product is accepted particularly noting it is an advised product, so members are choosing it with the assistance of financial advice;
- WealthFoundations was rated by Chant West as 4 Apples which meant it was again evaluated as a High-Quality Fund in 2022;
- Later in the year a new member portal would be launched that would make it easier to do business online and provide access to resources that assist members to manage their financial future; and
- Given the size of the ClearView Retirement Plan, sustainability was assessed across the whole of the Fund. The CLN Board determined that its members were not disadvantaged by the scale or operating costs of the Fund, which are supported by the ClearView Group including the parent company, ClearView Wealth Limited.

Ms Paskin provided some further detail on the findings including:

- To benchmark performance, both Morningstar and Chant West data was used for peer comparisons as the two research houses cover a comprehensive, though differing range of super and pension investments across both retail and industry superannuation funds. Whilst not a requirement for financial year 2021, the APRA Choice Heatmap was also considered;
- An objective of WealthFoundations investment options was to achieve first or second quartile investment performance when measured against peers. Whilst this objective was met in the previous 2020 financial year, this objective was not met in financial year 2021. Net returns were in the third and fourth quartiles which was measured against peers within Chant West comparison data over the year. The APRA Choice Heatmap also showed similar results;
- Based on the research and the considered opinion of the ClearView Investment Team, portfolios were positioned conservatively to help guard against further investment market downturns. While this stance led to better returns in the previous financial year, the financial year to 30 June 2021 saw markets recovering strongly even in the face of continuing uncertainties. However, Ms Paskin highlighted that the rising equity markets did lead to healthy absolute returns that were well in excess of CPI+ targets, leading the CLN Board to conclude that the returns were appropriate for the investment strategies;
- Considering recent and current market conditions that offer significant risks, the ClearView investment options with the greatest flexibility to do so, are currently positioned with a focus on preserving capital and reducing potential losses. Other options offered by the Trustee have more fixed asset allocations and will perform more in line with market movements. The Trustee's risk management approach is expressed in the options across three different risk management elements which include:
  - Dynamic options - an underweight allocation to growth assets (such as equities) relative to peers and benchmarks;
  - Active options - a preference for value-style managers versus growth-style managers; and
  - All options - an unhedged exposure to currency for any international assets in the portfolios, as this can assist returns in a market downturn.

Ms Paskin explained that it was the sum of those individual risk management strategies that had impacted performance over the past year, influencing not only annual performance, but also the longer-term performance numbers against peers.

Based on the existing market conditions, the CLN Board remains particularly cautious and continues to closely monitor market conditions and the investment performance of the underlying investment managers.

The positioning is based on a long-term outlook. Naturally, the ClearView Investment Team does acknowledge that short-term variations can be both negative and positive although, should market risks manifest themselves as expected, the ClearView investment options are likely to outperform their peers.

Overall, the CLN Board understands that timing the market is difficult and is of the view that the long-term investment risk management of WealthFoundations outweighs recent relative short-term investment performance, and that this is in the best financial interests of members.

To benchmark fees, net returns and other product features, the CLN Board used Chant West data only for peer comparisons across super and pension, as the Morningstar data did not include these comparison points in its database.

Using the Chant West comparison tools, administration fees on average are in the first quartile. Investment fees on average are in the third quartile, however they are offset by the low administration fee ranking, resulting in total fees paid, on average, sitting in the second quartile, which was on target. This assessment was also supported by the APRA Heatmap released in December 2021.

In terms of sustainability, the Trustee assessed the whole of the ClearView Retirement Plan against APRA sustainability metrics as per the Chant West tool. Operating expenses, cash flows, and inflow/outflow sustainability metrics were better than the benchmark based on Chant West's analysis of APRA data. Looking at WealthFoundations in isolation, the product grew around 30% by member numbers and 40% in assets in the 12 months to 30 June 2021.

Two out of seven metrics resulted in below benchmark outcomes. The declining trend in the overall membership base for the Fund was expected given the strategic decision to transfer the ClearView LifeSolutions Super product to the Hub 24 Super Fund, meaning that approximately 31,000 members moved from our Fund to the HUB24 Fund during the year.

The other metric that was slightly below the median was the active member ratio. It is expected to see increased engagement with the launch of a new online member portal later this year.

The business plan is to continue to grow WealthFoundations by adding product and service features that are focused on promoting members' best financial interests and providing ease of access, so it is easy for members to interact with ClearView. The CLN Board is aware that members want relevant tools and information that help them engage with their financial future and this is a focus of our development work.

### **WealthSolutions (Contemporary Product)**

WealthSolutions met its objectives for investment risk and return, fees and sustainability. WealthSolutions closed to new members on 31 December 2020 to prepare for the transfer to the new administrative platform, however members can and have been making additional contributions into the product. The changeover in the administrative platform in May 2021 provided members with better and more service options.

Based on the product's comparison with data and our assessment of certain factors, the CLN Board concluded that the financial interests of members of WealthSolutions are being promoted by CLN – the trustee company. Ms Paskin spoke to some key findings including:

- WealthSolutions provides a range of investment options so members and their advisers can choose a portfolio that best suits their needs, including access to over 330 managed funds, cash and term deposits - with various terms, 1000 ASX listed securities and over 800 international listed equities. Members and their advisers can design their own portfolios or select a model portfolio that suits their risk and return objectives;
- WealthSolutions ongoing fees for the year to 30 June 2021 were lower than the median wrap platform based on Chant West data;
- WealthSolutions has a comprehensive online portal where members and their advisers can transact, view balances and activity and download reports; and
- All members joined WealthSolutions with an adviser who can advise them on their retirement needs.

## **ClearView Superannuation and Rollovers and ClearView Pension Plan (Traditional Products)**

Ms Paskin advised that the products were established many years ago and offered a 'high touch' service model. The products are closed to new members and the Product Disclosure Statement was last updated in 2012. Last year an objective of reducing the overall fees charged was set and soon the members of these traditional products will receive notification of changes being made which are designed to ensure they receive contemporary features and more competitive pricing.

Based on the product's comparison with data and the assessment of certain factors, the CLN Board concluded that the financial interests of members of the ClearView Superannuation and Rollovers and ClearView Pension Plan are being promoted by CLN – the trustee company, when considering the work that is being undertaken to deliver better value to members.

Ms Paskin stressed that the CLN Board understand protecting long-term member financial interests is paramount and they also recognise that investment markets can remain at elevated levels even in the face of increasing risks. For this reason, the CLN Board will be reviewing their investments in light of Your Future Your Super reforms, following the disappointing relative returns of some options in financial year 2021, which were in stark contrast to the superior relative returns achieved in financial year 2020. Ms Paskin advised that the CLN Board looked forward to sharing with members the results of the review and the actions the Board takes to provide consistent outcomes in a broader range of market conditions.

Ms Paskin reiterated that the CLN Board was working closely with the ClearView management team to ensure members are provided with products and service that support members so that we can make a genuine difference to members lives in retirement.

Ms Paskin concluded by thanking members who had attended the meeting and, on behalf of the Trustee Directors and the staff at ClearView, wished them and their families the very best for the year ahead.

Ms Paskin invited members to use the Q&A function on the webinar if they had any questions on her remarks and that they would be addressed at the end of the meeting.

Ms Paskin introduced ClearView's Chief Investment Officer, Justin McLaughlin.

### **Chief Investment Officer's Address**

#### **Mr Justin McLaughlin**

Mr McLaughlin, ClearView's Chief Investment Officer addressed the meeting noting that CLN is the superannuation trustee for a range of different investment products, a wrap platform WealthSolutions with many hundreds of individual investment options, a master trust WealthFoundations with a series of implemented portfolios, and a more traditional fund of funds. He advised that these products are designed to offer investors a wide range of choice in how they manage their superannuation and that all ClearView products are investor directed and that there are no default funds.

Mr McLaughlin provided his views on global markets in the year ending 30 June 2021 highlighting that share markets had not only fully recovered from the lows seen in March 2020, but they had moved substantially higher to valuation levels that had in many cases exceeded all previous peak valuations.

By June 2021 the US share market, when measured on price to revenue valuation metric was trading at 32% premium to the prior peaks last seen in the 2000 tech bubble. When looking at Australian shares as at June 2021, they were trading at a 14% premium to the highest prior peak valuations last seen in September 2007 which was the top of the commodities boom.

Mr McLaughlin noted that both share markets lost approximately 50% of their value in the immediate aftermath of hitting these peak valuation measures and highlighted that buying into extremely overvalued markets has its risks and managing superannuation portfolios in these circumstances has many challenges.

One strategy for dealing with this issue is avoiding the most expensive parts of the market with a somewhat more conservative tilt within portfolios. This may still deliver reasonable absolute levels of return but may result in portfolios lagging broader industry averages. This was the experience of some of the ClearView portfolios over the year to June 2021.

To further add to the situation, US and Australian share market then proceeded to move to even higher levels and valuation metrics peaking in December 2021.

As at today in March 2022 both share markets had fallen back somewhat and were trading again very close to the same levels of overvaluation seen in June 2021. As such, ClearView are remaining quite fully invested but where appropriate, and if permitted, within the investment mandates, tilting towards the less overvalued parts of the market.

Mr McLaughlin advised that financial markets today were at an important inflection point. Some of the key factors that were keeping share markets elevated were extremely low interest rates, and fiscal stimulus and these are in the process of being removed as we move through 2022 and into 2023.

Inflation is back in much of the developed world, with US inflation at almost 8% and Central banks had started to raise interest rates to counter this. The RBA is a bit of an outlier and had been keeping rates unchanged but is expected to start to raise rates later this year.

Change in policy regime is at the forefront of ClearView's thinking about long term prospects for investment markets and is likely to lead to some changes in how portfolios are constructed, and members would be kept abreast of any prospective changes.

Finally, Mr McLaughlin thanked all investors for the trust they place in CLN to manage their retirement savings and he introduced ClearView's Managing Director, Simon Swanson.

**Managing Director's  
Address**

Mr Swanson thanked Ms Paskin and Mr McLaughlin and reiterated that it had been a challenging year and extended his thanks to members.

**Mr Simon Swanson**

Mr Swanson spoke to the economic, social and health challenges the world continued to face, which had been exacerbated with the outbreak of geopolitical instability particularly in Europe.

In Australia, the devastating impact of COVID-19 had been compounded by the recent floods across NSW and Queensland.

These events add to the pressures on household budgets and impact how members are coping and feeling about their goals to save for retirement and, for those that have retired, to confidently be able to drawdown their retirement savings.

He provided his views on the financial services landscape and the importance of superannuation, ClearView's structure, products and values and focus on risk management and governance.

Mr Swanson updated members on how ClearView had successfully navigated the challenges presented by COVID-19 over the last 2 years, having maintained day-to-day operations with minimal disruption to customers; a testament to the resilience of its people and robust systems and processes.

The health and safety of staff is a top priority and ClearView continue to embrace flexible working arrangements, enabling staff to stagger their start and finish times, and split their time between the office and working remotely. Flexibility has increased job satisfaction with the added benefit of helping to reduce our carbon footprint and environmental impact.

He highlighted that ClearView had launched a workplace mental health and well-being program, ClearMind, to help build resilience and coping skills among its people. It is envisaged that the program would have value for members and there were plans to evolve it as part of ClearView's commitment to promoting positive mental health, recognising the mounting mental load on people in society.

Mr Swanson also advised that during the year, ClearView had transitioned to a line of business structure including the appointment of a dedicated General Manager of Wealth Management, bolstered the senior leadership team and invested significantly in governance and risk management.

Mr Swanson highlighted further changes were underway, as part of a multi-year transformation program that would ensure ClearView remains easy to do business with and delivers competitive, fit-for purpose solutions that offer exceptional value. ClearView and members funds are focused on simplifying and improving products and investing in technology so that members can interact with ClearView seamlessly whenever members need to.

Overall, the fundamental purpose and need for quality wealth management products has not changed. Australia's ageing population, compulsory superannuation system and rising household debt levels underpins demand for ClearView's high quality products and services. While there are many challenges ahead, ClearView is focused on delivering value for our members and helping them navigate life's ups and downs to achieve their goals.

The devastating impact of COVID-19 on individuals, families and businesses has heightened awareness of the importance and value of professional financial advice. According to proprietary research, public awareness of the importance of personal advice has increased 54%. ClearView believe in the value of advice and that is reflected in the research results. As more Australians

seek advice and a sense of optimism returns, ClearView will be poised to capitalise on opportunities to support advisers and continue growing.

The need for financial services companies to build consumer confidence and trust in the sector has never been greater. Importantly trust means delivering results, communicating transparently, and listening to feedback.

In closing he reassured members of the commitment to continuous improvement and focused innovation to benefit members and thanked members for their ongoing support.

Mr Swanson welcomed Ms Lowe back to the podium to address any questions that may have been submitted.

**Questions**

Ms Lowe advised that there had been no questions submitted prior to the meeting or throughout the meeting. She advised members that she would be happy to answer any questions post the meeting and provided members with ClearView's contact details again.

**Close of Meeting**

Ms Lowe thanked attendees for making the time to attend the AMM and advised that the minutes of the AMM would be published on the ClearView website once approved and within 30 days.

The meeting was closed at 10.35am.

Signed as a true and correct record.



22 April 2022

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Chair

\_\_\_\_\_  
Date