

Annual Members' Meeting – Minutes

Date: Tuesday, 23 November 2021 at 2:01 pm AEDT

Meeting: Annual Members' Meeting for the Nissan Superannuation Plan

Present: The Trustee Directors, Towers Watson Superannuation Pty Ltd
 The Plan Consultant
 The Plan Actuary
 The Plan Auditor

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

1 Welcome

Ms Downham, a Trustee Director and Chair of the Meeting, welcomed everybody to the *2021 Annual Members' Meeting for the Nissan Superannuation Plan*.

Ms Downham ran through some housekeeping noting:

- microphones had been muted;
- members are 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 will be available on the Plan website towards the end of December 2021; and
- 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 the live forum, along with a response.

In addition, Ms Downham 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 were 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 Downham stated that the presenters will provide an overview of the Plan, how the Plan is invested and the key highlights for the 2020/21 year. The presenters will then respond to questions.

3 In attendance

The presenters introduced themselves individually.

Directors of the Trustee of the Nissan Superannuation Plan:

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

Executive and other official roles of the Nissan Superannuation Plan:

- Tracy Polldore (Plan Actuary, Willis Towers Watson)
- Alison Flakemore (Auditor, Crowe)
- Andrew Hawthorn (Plan Consultant, Willis Towers Watson)

4 Overview of the Plan

Mr Hawthorn, the Plan Consultant, provided an overview of the Plan, 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 representatives are David Lloyd and Brett Rolfe. The Company appointed representatives are Steve Hogan and Marcus Wappet. 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 Plan and outlined the membership and asset split for each section at 31 March 2021. Mr Hawthorn went on to explain the benefit features of the Accumulation section and those of the Defined Benefit section.

Mr Hawthorn outlined the investment choice options available to members, there being three options. The key differences between the three investment options were outlined 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.

The functionality of the Plan's website was highlighted and is where members are directed to access the latest information on the Plan and the various publications including the Plan's latest Annual Report and newsletter.

5 Investment Management

Mr Carroll, a Trustee Director, provided an overview of the investment approach adopted by the Trustee. The Plan adopts a multi-manager approach whereby each asset class utilises one or more, independent investment managers. It was highlighted that the Trustee uses a combination of active and passive funds management.

This multi-manager approach was illustrated by Mr Carroll. At 30 September 2021, the Plan was invested across five investment managers. Each of the Plan's investment managers were listed along with the value of each investment holding at 30 September 2021.

6 This year in review – 2020/21

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

Each year the Trustee undertakes an investment strategy review that assesses the Plan's likelihood of meeting investment objectives and measures the various risk factors and the liquidity of the Plan's investments. Asset allocations are also reviewed to ensure that they reflect changing investment market conditions.

For the 2020 strategy review, the Trustee increased the Plan's allocation to international shares (and decreased its allocation to Australian shares) and increased the Plan's foreign currency exposure. For the 2021 strategy review, the Plan's international fixed interest holding was transitioned across to the Plan's Australian fixed interest holding.

With regard to the Plan's investment results for the 2020/21 year, both the Plan's Growth option and Balanced 50/50 options continue to meet investment objectives and exceed per fund comparison performance over each time period measured i.e. 1, 3, 5 and 10 years. Mr Carroll also provided the Plan's investment results for the six month period to 30 September 2021.

Mr Carroll noted that COVID-19 has impacted investment markets. We saw substantial losses in world investment markets in the March 2020 quarter and the Plan's returns were negative for the year to 31 March 2020. Since that point, markets stabilised and have rebounded strongly with the Plan delivering excellent results for the year ended 31 March 2021. The Plan's service providers have been able to adapt to a new working environment with minimal impact to member services.

Looking ahead, the Trustee will: continue to focus on providing members with quality and timely information about the Plan; focus on ensuring that investment fees and net returns remain competitive; 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 How long does the fund remain viable with so few members?

It was acknowledged that the Plan was relatively small and larger superannuation funds benefit from economics of scale. The Plan remains viable at present due to the financial support provided by Nissan.

7.2 Can you advise your view re the expect outlook for investment markets for 2022?

Firstly, it was acknowledged that investment returns cannot be predicted with any level of certainty particularly over a short period. Having said that, comments received from the Trustee's Investment Consultant suggest that we should not expect to see a continuation of the strong investment market returns enjoyed in recent years, and a reduction in these returns may be more likely. Further to this, uncertainty in investment markets caused by COVID-19 can be expected to continue, with the potential for increased fluctuations in investment returns.

7.3 How do you see International Shares vs Domestic? Will you look to change the portfolio mix based on Global outlooks? Will the instability push us back to a greater mix of Domestic vs International?

The Trustee receives regular advice from its Investment Consultant and monitors the performance of the Plan. The mix between international shares and domestic shares is generally established based on longer term views of investment markets and it is not something that changes based on shorter term volatility. The current position of the Trustee is to maintain a 60% exposure to international shares and 40% exposure to domestic shares.

7.4 Is there any plan to provide other access platforms such as a mobile APP as most other funds support this type of platform?

Many larger superannuation funds do offer mobile Apps for their members. As previously acknowledged, the financial support of Nissan enables the Plan to continue its operations. Building a specific mobile app for the Plan would come at considerable cost to Nissan, or potentially Plan members, and it is therefore not something that the Trustee would consider.

7.5 How do the returns of the Plan compare to other superannuation funds?

Over an extended period of time, the Plan’s two diversified options, the Growth option and Balanced 50/50 option, have exceeded the median return of peer funds as measured by the industry survey, SuperRatings.

In the case of the Growth option, the average return of the Growth option for the 10 years to 31 March 2021 was 8.91% per annum. This compares to the SuperRatings median return of 7.59% per annum, or a difference of 1.32% per annum.

While the Balanced 50/50 option does not yet have a 10 year return history, over the 5 years to 31 March 2021, it returned 7.43% per annum compared to the corresponding SuperRatings median of 6.36% per annum, a difference of 1.07% per annum.

Both results place the options’ returns in the top quartile.

7.6 ESG factors are environmental, social, governance or sustainability related factors that have the potential to materially impact the performance of an investment. How does the Trustee address these factors?

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.


Under the Trustee’s investment model, the Trustee determines the investment strategy for the Growth and Balanced 50/50 options and then based on advice from our Investment Adviser, appoints specialist Investment Managers to invest the assets consistently with the strategy.

While we don’t impose specific ESG restrictions or requirements on the Investment Managers, there is a clear expectation that any recommendations by our Investment Adviser consider whether the Investment Manager takes such issues into account and that Investment Managers do so if they become aware of them and to the extent they may financially affect a particular investment. We also require our Investment Advisers to review and assess each Investment Managers decision making process as part of their ongoing monitoring to ensure they continue to include careful consideration of relevant issues.

8 Close

There being no further business, the Chairman declared the meeting closed at 2:37 pm AEDT.

Signed as a correct record.


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Chairman

20 December 2021
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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 local Policy Committee member.

More information:

- nsp.nissan.com.au