

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

**AMP**

**AMP17QON:**

**Dr MULINO:** So, in a sense, what you're going to be trying to achieve is that the trustee part of the organisation will be monitoring that so as to see where there are areas where returns are not sufficient or where these kinds of examples of poor advice might be occurring.

**Ms Bourguignon:** Yes, that's correct.

**Dr MULINO:** It would be really useful to get a sense of how that system will work—just a description of how a system like that works.

**ANSWER:**

The Trustee's monitoring program is currently via two key channels:

1. Directly through its Trustee Board Reporting Framework meetings and via reports issued to the Board from the Group Investment Committee; and
2. Indirectly through the Group Investment Committee.

Through these fora, the Trustee has oversight of a 'Watch List' which is a register of investment options that have not met expectations. This includes investment objectives, short- and longer-term performance, and other investment management related items. The 'Watch List' identifies investment options which are subject to closer examination and, as relevant, a programme of assessments to determine risk to the member.

It is through the 'Watch List' that recommendations to keep, close, or remove an investment option is derived from. Outcomes of the 'Watch List' assessment process may mean immediate action or further review to see if the issue relating to an investment being on the 'Watch List' is an isolated issue that can be addressed or systemic that requires removal. As part of any action against an investment option, we are conscious of the impact on the member and will take into consideration the tax and cost implications to the member from its removal and the risk to the member of maintaining the investment option.