

## **HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**AMP**

**AMP34QW:**

Could you please indicate how you supervise the indirect costs associated with vertically integrated retail funds, including what the costs are for (brokerage etcetera) and how you ensure they are not eroding members' accounts?

**ANSWER:**

AMP Superannuation Limited (ASL) and N.M. Superannuation Proprietary Limited (NM Super) are the issuers of various superannuation and retirement products which are offered to retail customers.

The administration of these products, and the investment management of the associated investment options, is governed by various policies issued by AMP Life to ASL and NM Super.

AMP Life outsources investment management activities to both external and related entities via direct investment mandates and via managed investment schemes or trusts (collectively funds), which are governed by various commercial agreements between the relevant entities.

These agreements specify the fee and cost arrangements including whether investment management fees can be charged to the investment structures by the related party and the types of costs which are permitted to be charged to the investment structures. These arrangements are reviewed periodically and where applicable external benchmarking is sought to ensure they remain competitive based on our scale.

Separately the AMP Life investment control team monitor expenses charged to the AMP Life portfolios and escalate any material impacts for resolution. AMP Capital also monitor mandate portfolios and funds to ensure appropriate scale benefits are maintained. Any issues are escalated for resolution through the relevant Investment Committee.

As part of our annual fee and cost disclosure update, the indirect costs of each investment option are reviewed in comparison to prior periods and any material changes are investigated.

For our MySuper products, the total fees and indirect costs are benchmarked externally generally at least annually to ensure that our offering remains competitive.