HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CBUS

CBUS41QW: **Given the size of your large joint investments, why are they not listed for liquidity, valuation and public disclosure purposes?**

Answer: Cbus' exposure to unlisted assets has resulted in better diversified investment portfolios that have historically delivered attractive risk-adjusted returns to members.

Cbus is required to comply with relevant superannuation laws and prudential standards on valuation of assets. In this regard unlisted assets are typically valued quarterly by independent valuers utilising accounting standards and industry guidelines that include assessment of comparable assets transactions.

One of the inherent characteristics of investing in unlisted assets is the capacity to take advantage of information differences between parties to a transaction. Disclosing valuations and valuation metrics due to enforceable public listing requirements could undermine members interests when it comes to the eventual sale of an asset. In addition, valuation standards applied to superannuation funds for unlisted assets compared to the valuation requirements by listed entities of their underlying assets differ (particularly in that super funds engage formal independent valuations more frequently).

The ability for Cbus to list its unlisted jointly held assets is very limited in that most often Cbus is a minority owner or an indirect owner through a pooled trust that owns a portfolio of assets on behalf of numerous institutional investors. In such cases, Cbus does not have the ability to list the asset (even if it wanted to).