

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

#### Legend

In these responses the following references/approaches apply:

- **IOOF Group** means IOOF Holdings Limited (ASX: IFL) and related group entities.
- IOOF Investment Management Limited (**IIML**) is RSE licensee for (i) the IOOF Portfolio Service Superannuation Fund (**Fund**), (ii) the AvWrap Retirement Service (**AvWrap**), and (iii) a number of small APRA funds (**SAFs**) and the SMF Eligible Rollover Fund (**ERF**).
- The Fund offers an extensive choice of investments including the default **MySuper** compliant investment strategy, the IOOF Balanced Investor Trust. Where Fund performance is quoted it applies to the IOOF Balanced Investor Trust (**IBIT**).

#### Questions in writing

|                  |   |
|------------------|---|
| <b>IOOF103QW</b> | Please provide details of reduction to remuneration packages since 11 March 2020 for the following: <ul style="list-style-type: none"><li>• Board members.</li><li>• The chief executive.</li><li>• Executive management.</li></ul> |
|------------------|---|

#### Response:

IOOF Group recently announced reductions to remuneration packages for board members and senior management. Refer to Attachment **IOOF103QW**.

The IOOF Remuneration Committee is currently considering reductions to remuneration packages.



30 July 2020

## **IOOF Q4 2020 FUMA and FY20 business and remediation update**

### **Resilient business model - FUMA grows to over \$200 billion**

#### **Q4 FY20 FUMA update**

**Funds Under Management, Advice and Administration (FUMA)** grew to \$202.3 billion, an increase of \$6.7 billion or 3.4%, for the quarter to 30 June 2020

- **Financial Advice:** \$93 million net outflows (prior comparative period (pcp): \$853 million net outflow).
- **Portfolio & Estate Administration:** \$398 million net inflows, excluding Early Release of Super (pcp: \$561 million net inflow).
- **Investment Management:** \$51 million net outflow (pcp: \$181 million net outflow).
- **Pensions & Investments (P&I):** \$183 million net outflows, excluding Early Release of Super (pcp: outflow profile improving compared to broadly observed flows profile under ANZ ownership).

IOOF Chief Executive Officer, Renato Mota, said, “The milestone of over \$200 billion in FUMA is testament to IOOF’s increased scale and the benefits of the diversification of our business. The transformative acquisition of the P&I business contributes to our business model resilience and will be important as we look to a post COVID-19 recovery and supporting long-term growth in FUMA and earnings.

“The recent recovery in equity markets has been the major contributor to the \$6.7 billion uplift in FUMA and pleasingly, we have continued to attract strong flows into our platforms. That said, the impacts of the COVID-19 pandemic are continuing. Our advisers are seeing first-hand client concern and uncertainty around macro-economic conditions. This client sentiment is particularly apparent through withdrawals associated with the Early Release of Superannuation scheme and subdued flows in Financial Advice.

“The COVID-19 pandemic is causing disruption, and considerable distress to many Australians.

“IOOF was created over 170 years ago with a clear mission to serve the community, particularly those who are most vulnerable. We believe that organisational purpose and obligation to the community is as relevant today as it was then.

“Providing the community with guidance and support is at the core of IOOF. In the face of economic uncertainty and financial stress the value and importance of financial advice, for all Australians, has never been more evident.

“Our advice network has stepped up in these challenging times through participation in IOOF’s Community Offer initiative, which has seen advisers commit to more than 25,000 hours of at-no-cost financial guidance to those that need it the most in their communities.

“As a Board and management team we also recognise that COVID-19 has had an impact on business outcomes and returns to shareholders. In this context, it is appropriate that no discretionary short-term incentives will be paid to the Executive Team for the year to 30 June 2020. In addition, IOOF’s Chairman and I will take a 20% reduction in base pay for 6 months from 1 August 2020. All other IOOF Holdings Ltd Directors and our CFO will take a 10% reduction in base pay for the same period.”

## **Impact of Early Release of Superannuation on net flows**

Payments made under the Early Release of Superannuation scheme from 20 April to 28 June 2020 have impacted Q4 2020 net flows. IOOF (including P&I) has paid 99,174 requests totalling approximately \$743 million in relation to the Early Access to Superannuation scheme:

- IOOF (excluding P&I) has paid 21,818 requests totalling \$170 million.
- The P&I business has paid 77,356 requests totalling \$573 million.

IOOF’s ClientFirst approach ensured that 97% of all payments were paid to clients within 5 business days. For P&I, 83% of payments were made within 5 business days.

## **Segment net flow performance**

### **Financial Advice**

For the June quarter there were net outflows of \$93 million in Financial Advice.

This was primarily the result of off-boarding two advice practices from the ex-ANZ Advice Licensees during the quarter, resulting in \$155 million in outflows.

In addition, there were 12 sub-scale, single adviser, practices off-boarded which had \$115 million of funds under advice in total. This was offset by a number of practices joining the Group.

In a COVID-19 environment, client concern and uncertainty around macro-economic conditions impacted inflows, which were flat.

Mr Mota commented, “In this environment, we have seen rapid changes in client sentiment and market volatility, which has led to previously unseen levels of investor uncertainty and caution.

“The value and importance of advice is heightened in a period of economic uncertainty. Through the IOOF Community Offer, we are supporting our financial advisers as they support those in need in their local communities. For many, the Community Offer will be the first time they have had the opportunity to access professional financial advice. Broadening access to financial advice is a key objective of our financial advice transformation.”

### **Portfolio & Estate Administration**

Portfolio & Estate Administration continued to see significant net inflows of \$398 million (excluding Early Release of Superannuation).

Mr Mota said, “The contemporary IOOF Essential, eXpand and Shadforth Portfolio Service products have continued to grow in popularity with advisers, which is reflected in strong inflow momentum during the quarter. This is particularly pleasing as these products were all developed on our proprietary owned and designed technology platform which is enabling our platform transformation, Project Evolve21.

“We continued to develop and release new functionality on these new products. During the quarter, we released new and enhanced adviser and client reporting, together with enhanced online withdrawal functionality.”

### **Investment Management**

We have seen strong investment performance with the IOOF MultiMix Balanced Growth Trust placed fourth in the Chant West Top 10 performing growth funds for the 2019/20 financial year. IOOF is also a finalist in the Money Management Fund Manager of the Year Awards.

The IOOF MultiSeries, MultiMix sector funds and Cash Management Trusts saw quarterly net inflows, offset by outflows in other investment products.

Mr Mota said, “Our strong investment performance, coupled with increasing demand from financial advisers for outsourced investment management solutions, underpins continued growth in the segment.”

### **P&I**

Following the successful completion of the acquisition of the P&I business, and while still in the early stages of the process, IOOF remains on track with its integration activities. IOOF maintains the previously communicated expectations of total cost synergies of \$68 million pre-tax per annum (to be realised on a run-rate basis by FY22) and an overall one-off integration spend of up to \$130 million pre-tax (\$71 million incurred to date).

### **FY20 update**

Due to the uncertainty created by the COVID-19 environment, IOOF provides an update of the expected result for FY20. All financial information in this announcement is unaudited and subject to final Board approvals.

Based on preliminary unaudited management accounts, IOOF expects to report an FY20 Underlying Net Profit After Tax (UNPAT) of approximately \$128 - \$130 million and an UNPAT from continuing operations of \$123 - \$125 million. This result has been impacted by volatility in financial markets relating to the impacts of COVID-19 pandemic, including:

- The ASX All Ordinaries closed the financial year at 10.4% lower than 30 June 2019, which directly impacts FUMA and revenues.
- Client concern and uncertainty in relation to the macro-economic environment has had a significant impact on flows.
- Substantial outflows due to the Early Access to Superannuation scheme, particularly in the P&I business.

For the 5-month period of IOOF ownership, we expect a total contribution from P&I to IOOF Group UNPAT of approximately \$25 million. This contribution has been adversely impacted by the market decline and reduction in FUMA caused by COVID-19.

IOOF will provide further details on its segment financials and key strategic initiatives when it announces its FY20 results on 31 August 2020.

## **Remediation Provisions and Advice Liabilities**

Work on reviewing IOOF's advice remediation provisions is unaudited and subject to final Board review. Preliminary work undertaken by management indicates that:

- The total of the IOOF Advice review provision (which excludes the ex-ANZ Wealth Management Advice Licensees (ex-ANZ ALs)) is not expected to change materially from \$223 million, including costs. IOOF continues to make progress in relation to its advice review and commenced customer remediation payments during the June quarter.
- The total advice remediation provision relating to the ex-ANZ ALs is expected to increase by approximately \$80 million, however, this will be offset by a corresponding increase in an equivalent receivable from ANZ. This increase is expected to fall within the financial cap of the remediation program arrangements with ANZ. The increased provision is a consequence of a change in methodology relating to adviser categorisation, which now aligns to that used by IOOF.

As previously disclosed, IOOF has arrangements with ANZ with regard to remediation relating to the ex-ANZ ALs.

Under these arrangements, client remediation proposals are made by ANZ, up to October 2022, to affected clients for various types of adviser conduct prior to the completion of the acquisition by IOOF. The total payments made by ANZ are subject to a financial cap. If there were to be a further material increase in the provision, ANZ may not be responsible for making any proposals or payments above the financial cap.

Separate to any remediation program arrangements, ANZ has provided a capped indemnity regarding certain claims by clients made by October 2022 for various types of adviser conduct prior to the completion of the acquisition by IOOF.

Both the above arrangements are subject to various qualifications and limits and do not cover civil penalties, fines and other regulatory actions, nor are such matters included in the IOOF remediation provision.

## **Balance sheet and funding**

IOOF's balance sheet remains strong with total debt facilities of \$670 million. At 30 June 2020, IOOF's leverage ratio is estimated to be 1.3x net debt to pro forma EBITDA<sup>1</sup> subject to finalisation of the annual audit. This includes debt drawn for settlement of the net assets acquired upon completion of the P&I business. This is in line with our target gearing range of 1.0-1.3x net debt to EBITDA. Under the definitions of the debt facilities agreement, pro forma EBITDA is calculated by including P&I ownership as if fully owned from 1 July 2019.

## **FY20 results reporting date**

IOOF will present its full year results to the market on 31 August 2020.

- ENDS -

This announcement was approved for release by the IOOF Holdings Ltd Board.

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<sup>1</sup> The calculation of the leverage ratio excludes AASB16 lease liabilities

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### Funds movement for the three-month period ended 30 June 2020

| All amounts \$m                                      | FUMA<br>31-Mar-20 | Acquired/<br>Divested<br>FUMA <sup>1</sup> | Net<br>flow | Early<br>Access to<br>Super <sup>3</sup> | Pensions    | Market/<br>Other | FUMA<br>30-Jun-20 |
|--|-------------------|--|-------------|--|-------------|------------------|-------------------|
| Financial Advice                                     | 51,772            | 0  | 2           |  | -129        | 2,568            | 54,213            |
| Ex-ANZ Advice<br>Licensees <sup>2</sup>              | 17,724            | 0  | -95         |  | -79         | -1,227           | 16,322            |
| <b>Funds Under Advice<br/>and Distribution Total</b> | <b>69,496</b>     | <b>0</b>                                   | <b>-93</b>  |  | <b>-208</b> | <b>1,341</b>     | <b>70,535</b>     |
| <b>Portfolio &amp; Estate<br/>Administration</b>     | <b>40,051</b>     | <b>-553</b>                                | <b>398</b>  | <b>-170</b>                              | <b>-238</b> | <b>2,500</b>     | <b>41,989</b>     |
| <b>Investment<br/>Management</b>                     | <b>21,097</b>     | <b>0</b>                                   | <b>-51</b>  |  |             | <b>1,340</b>     | <b>22,386</b>     |
| P&I - Platform                                       | 41,608            | 0  | -233        | -573                                     | -211        | 2,676            | 43,268            |
| P&I - Investment<br>Management                       | 23,303            | 0  | 50          | -506                                     |             | 1,274            | 24,121            |
| <b>P&amp;I Total</b>                                 | <b>64,911</b>     | <b>0</b>                                   | <b>-183</b> | <b>-1,079</b>                            | <b>-211</b> | <b>3,950</b>     | <b>67,389</b>     |
| <b>Total FUMA</b>                                    | <b>195,554</b>    | <b>-553</b>                                | <b>71</b>   | <b>-1,249</b>                            | <b>-658</b> | <b>9,131</b>     | <b>202,297</b>    |

### Funds movement for the twelve-month period ended 30 June 2020

| All amounts \$m                                      | FUMA<br>30-Jun-19 | Acquired/<br>Divested<br>FUMA <sup>1</sup> | Net<br>flow  | Early<br>Access<br>to Super <sup>3</sup> | Pensions      | Market/<br>Other | FUMA<br>30-Jun-20 |
|--|-------------------|--|--------------|--|---------------|------------------|-------------------|
| Financial Advice                                     | 55,735            | 0  | 234          |  | -561          | -1,195           | 54,213            |
| Ex-ANZ Advice<br>Licensees <sup>2</sup>              | 16,130            | 0  | 496          |  | -349          | 45               | 16,322            |
| <b>Funds Under Advice<br/>and Distribution Total</b> | <b>71,865</b>     | <b>0</b>                                   | <b>730</b>   |  | <b>-910</b>   | <b>-1,150</b>    | <b>70,535</b>     |
| <b>Portfolio &amp; Estate<br/>Administration</b>     | <b>43,747</b>     | <b>-553</b>                                | <b>1,334</b> | <b>-170</b>                              | <b>-927</b>   | <b>-1,443</b>    | <b>41,989</b>     |
| <b>Investment<br/>Management</b>                     | <b>22,886</b>     | <b>0</b>                                   | <b>-444</b>  |  | <b>0</b>      | <b>-57</b>       | <b>22,386</b>     |
| P&I - Platform                                       | 0                 | 49,112                                     | -654         | -573                                     | -351          | -4,267           | 43,268            |
| P&I - Investment<br>Management                       | 0                 | 28,028                                     | -187         | -506                                     |               | -3,214           | 24,121            |
| <b>P&amp;I Total</b>                                 | <b>0</b>          | <b>77,140</b>                              | <b>-841</b>  | <b>-1,079</b>                            | <b>-351</b>   | <b>-7,481</b>    | <b>67,389</b>     |
| <b>Total FUMA</b>                                    | <b>138,498</b>    | <b>76,587</b>                              | <b>779</b>   | <b>-1,249</b>                            | <b>-2,187</b> | <b>-10,131</b>   | <b>202,297</b>    |

<sup>1</sup> P&I FUMA as at 31 January 2020. IOOF New Zealand Integral Master Trust divested FuAdmin at 31 March 2020 as per ASX announcement dated 16 April 2020.

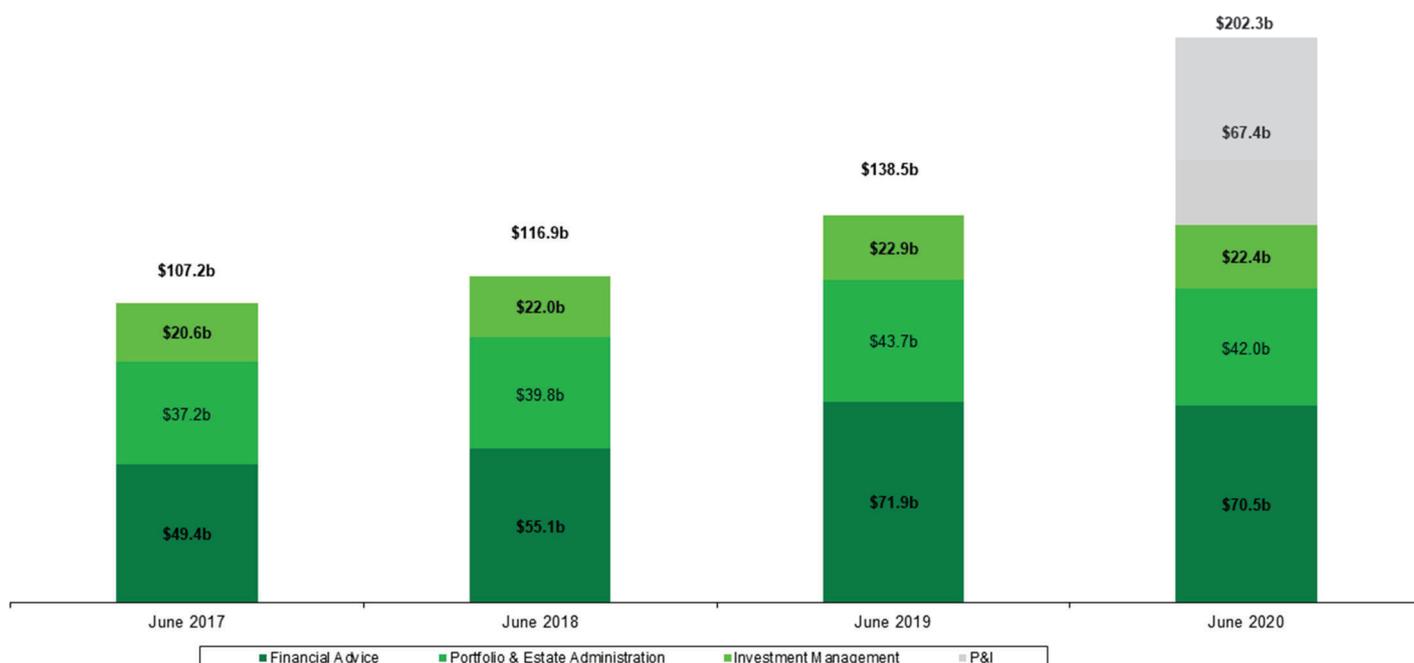
<sup>2</sup> Ex-ANZ Advice Licensees FUMA and flows are one month in arrears

<sup>3</sup> Early Access to Super - Platform data from the period 20 April to 28 June 2020 as reported to APRA. P&I Investment Management data for the period from 20 April to 30 June 2020.

## Divested during the twelve month period ended 30 June 2020

|             | FUMA<br>30-Jun-19 | Acquired<br>FUMA | Net flow | Pensions | Market/Other | Divested<br>FUMA | FUMA<br>30-Jun-20 |
|-------------|-------------------|------------------|----------|----------|--------------|------------------|-------------------|
| Ord Minnett | 11,017            | -                | 310      | -        | 140          | -11,467          | 0                 |

## Funds by Segment



## About IOOF Holdings Ltd

IOOF has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

IOOF provides advisers and their clients with the following services:

- **Financial Advice** services via our extensive network of financial advisers;
- **Portfolio & Estate Administration** for advisers, their clients and hundreds of employers in Australia; and
- **Investment Management** products that are designed to suit any investor's needs.

Further information about IOOF can be found at [www.ioof.com.au](http://www.ioof.com.au)

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF104QW</b> | How much money do you expect to be withdrawn from your fund as a result of the government's early access scheme for members affected by COVID-19? |
|------------------|---|

**Response:**

We anticipate that the total amount withdrawn from the Fund may be around ~\$424 million. For round two we have assumed an additional amount of around 75% of the amount withdrawn during round one (April-June), and for the recently announced round three we have applied the same approach. This considers factors such as lower balances and closed accounts from round one. We expect the size of the last tranche of withdrawals to 31 December to be very dependent on prevailing economic conditions.

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**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF105QW</b> | Please provide a list of all investment schemes across your fund(s) that have had their redemptions frozen since January 2008, and for each:<br>a. What was the total value of funds frozen?<br>b. How many of your members were impacted by these frozen funds, and how?<br>c. The date on which the freeze was implemented and lifted.<br>d. A copy of the clause trustees relied on to enact that freeze. |
|------------------|--|

**Response:**

For sub questions a. to c. refer to attachment **IOOF105QW**.

There are currently no investment schemes that have had their redemptions frozen.

- d. IOOF has applied SIS regulation provisions regarding illiquid investments. In the choice of investment strategy, if a client intends to make an illiquid investment choice, they actively consent to a redemption period longer than 30 days because of the illiquid nature of their selected investment. In Product Disclosure from 2008, IOOF disclosed a category of restricted investments – options with redemption restrictions - and the member consented to the redemption restrictions when applying for the investment option.

| Name   | FUA                  | No. of Members | Freeze date and/or IIML first holdings date | Freeze lift date and/or wind up completion date |
|--|----------------------|----------------|---|---|
| <b><u>The IOOF Portfolio Service Superannuation Fund</u></b>   |                      |                |   |   |
| Abacus Hospitality Fund  | \$358,702            | 48             | March 2017                                  | May 2019  |
| APN Unlisted Property Fund   | \$6,181,696          | 4315           | August 2012                                 | March 2017                                      |
| Australian Unity Wholesale High Yield Mortgage Trust   | \$7,432,756          | 829            | December 2011                               | March 2017                                      |
| Australian Unity Wholesale Mortgage Income Trust   | \$37,913,031         | 7830           | December 2012                               | March 2017                                      |
| Balmain AQUA High Income Trust   | \$241,318            | 46             | May 2013                                    | June 2016                                       |
| BAO Trust  | \$3,795              | 8              | November 2016                               | N/A   |
| SG Hiscock Wholesale Hybrid Property Fund  | \$97,054             | 518            | April 2013                                  | December 2013                                   |
| Ironbark GCM Global Macro Fund (formerly DWS Strategic Value Fund)                                       | \$53,446,144         | 2780           | December 2008                               | November 2009                                   |
| Gresham Private Equity Fund 2A   | \$34,361             | 46             | March 2017                                  | November 2019                                   |
| Gresham Private Equity Fund 2B   | \$34,361             | 46             | March 2017                                  | November 2019                                   |
| Knights Coastal Land Fund  | \$245,258            | 108            | March 2017                                  | June 2017                                       |
| LM Wholesale First Mortgage Income- Flexi Account  | \$2,407,405          | 183            | October 2009                                | N/A   |
| LM Wholesale First Mortgage Income Fund - 12 Month Fixed Term Account                                    | \$2,847,646          | 132            | October 2009                                | N/A   |
| Multiplex Property Income Fund   | \$32,356             | 2              | September 2014                              | March 2018                                      |
| OnePath Monthly Income Trust   | \$35,431             | 8              | January 2011                                | June 2019                                       |
| Rubicon International Leaders Fund Capital Protected Series 1  | \$341,771            | 25             | January 2015                                | January 2017                                    |
| Solicitor's Mortgage – CWS   | \$41,786             | 1              | June 2016                                   | N/A   |
| Van Eyk Blueprint Balanced Fund  | \$30,981,731         | 1036           | August 2014                                 | N/A   |
| Van Eyk Blueprint Capital Stable Fund  | \$14,283,604         | 348            | August 2014                                 | N/A   |
| Van Eyk Blueprint High Growth Fund   | \$14,183,207         | 521            | August 2014                                 | N/A   |
| Wholesale Premium Income Fund  | \$1,314,452          | 697            | January 2008                                | February 2010                                   |
| APN Property for Income Fund   | \$49,152,134         | 7474           | October 2008                                | November 2009                                   |
| APN Property for Income Fund No. 2   | \$12,201,164         | 2223           | October 2008                                | November 2009                                   |
| Ironbark LHP Diversified Investments Fund (formerly HFA Diversified Investments Fund - Wholesale Hedged) | \$5,215,742          | 281            | December 2008                               | July 2010                                       |
| Charter Hall Direct Office Fund – Wholesale (formerly Macquarie Direct Property Fund)                    | \$731,209            | 101            | August 2008                                 | December 2010                                   |
| <b>AET Small APRA Funds</b>  | <b>\$239,758,112</b> |                |   |   |
| Abacus Hospitality Fund  | \$0                  | 81             | June 2019                                   | January 2020                                    |
| OnePath Monthly Income Trust   | \$0                  | 2              | June 2019                                   | September 2019                                  |
| Prime Property Plus (W)  | \$0                  | 2              | June 2019                                   | N/A   |
| Pacific First Mortgage Fund - 12 month term  | \$498                | 2              | June 2019                                   | N/A   |
| <b>The AvWrap Retirement Service</b>   | <b>\$498</b>         |                |   |   |
| Absolute Capital Yield Strategies Fund   | \$1,350              | 3              | June 2012                                   | September 2012                                  |
| Australian Unity Wholesale High Yield Mortgage Trust   | \$93,413             | 10             | June 2012                                   | March 2017                                      |
| Wholesale Premium Income Fund  | \$681,181            | 57             | June 2012                                   | September 2014                                  |
| AXA Wholesale Australian Monthly Income Fund   | \$77,616             | 14             | June 2012                                   | November 2016                                   |
| Perpetuals Wholesale Monthly Income Fund   | \$827,376            | 112            | June 2012                                   | June 2016                                       |
| BT Global Return Fund  | \$5,715              | 10             | June 2012                                   | March 2013                                      |
| Basis Yield Fund Sub Trust - Ord Units   | \$0                  | 97             | June 2012                                   | N/A   |
|  | <b>\$1,686,653</b>   |                |   |   |

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**IOOF**

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| <b>IOOF106QW</b> | Are you, or any entities you control, planning to freeze any managed investment schemes associated with your fund or fund platform business? |
|------------------|--|

**Response:**

No.

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**IOOF**

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| <b>IOOF107QW</b> | Since 1 January 2020, have you, or any entities you control:<br>a. suspended any successor fund transfers?<br>b. had any funds involved in impending merger activity frozen by investment managers? |
|------------------|---|

**Response:**

- a. No successor fund transfers have been suspended.
- b. No funds have been involved in impending merger activity frozen by investment managers.

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**IOOF**

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| <b>IOOF108QW</b> | Mortgage trusts<br>a. Do you, or any entities that you control, have mortgage trusts on your platform?<br>b. Will you need to freeze redemptions on these due to leverage? |
|------------------|--|

**Response:**

No.

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#### IOOF

|                  |  |
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| <b>IOOF109QW</b> | Property trusts and assets<br>a. Do you, or any entities you control, have listed property trusts on your platform?<br>b. How have these performed in comparison to direct unlisted property assets owned by your fund between 1 January 2020 and 20 April 2020? |
|------------------|--|

#### Response:

Refer to attachments **IOOF109QW\_1** and **IOOF109QW\_2**.

- a. Yes.
- b. For IOOF MySuper: From 31/12/2019 to 20/4/2020 as no unit prices struck on 1/1/2020:  
Direct property: +6.1% gross  
Australian listed property: -27.0% gross  
International listed property: -19.4% gross

For IOOF MySuper: From 21/4/2020 to 30/6/2020:

Direct property: +1.7% gross  
Australian listed property: +8.2% gross  
International listed property: -0.3% gross

From 1 January 2020 to 20 April 2020, direct unlisted property assets outperformed listed property trusts, with average performance of -2.33% v -24.31% respectively. From 21 April 2020 to 30 June 2020, listed property trust's outperformed direct unlisted property assets, with average performance of 6.21% v 1.04% respectively.

Please note in this response:

Listed property trusts are pooled investments, where the majority of underlying assets are listed securities.

Direct unlisted property assets are pooled investments, where the majority of underlying assets are direct properties.

**Asset Category: Listed Property Trusts**  
**Calculated on: 21/07/2020 9:39:40 AM**  
**Exported on: 21/07/2020 9:40:19 AM**

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| APIR code | Investment name   |
|-----------|---|
| ETL0095AU | Alpha Property Securities Fund  |
| AMP0269AU | AMP Capital Listed Property Trusts Fund - Wholesale                         |
| AMP0255AU | AMP Capital Listed Property Trusts Fund - Class A                           |
| FSF0012AU | CFS Property Securities Fund MIF  |
| FSF0454AU | CFS Wholesale Global Property Securities Fund                               |
| FSF0004AU | CFS Wholesale Property Securities Fund                                      |
| DFA0005AU | Dimensional Global Real Estate Trust  |
| LAM0042AU | Freehold AREITs & Listed Infrastructure Fund                                |
| PAL0002AU | Ironbark Paladin Property Securities Fund                                   |
| RFA0817AU | Pendal Property Investment Fund   |
| BTA0061AU | Pendal Property Securities Fund   |
| BFL0020AU | Quay Global Real Estate Fund - Daily Series                                 |
| IOF0044AU | Resolution Capital Core Plus Property Securities Fund – Series II           |
| IOF0184AU | Resolution Capital Global Property Securities Fund (Unhedged) – Series II   |
| WHT0015AU | Resolution Capital Global Property Securities Fund - Retail                 |
| IOF0081AU | Resolution Capital Global Property Securities Fund II                       |
| WHT0014AU | Resolution Capital Real Assets Fund   |
| WPC0012AU | Specialist Property Fund  |
| VAN0018AU | Vanguard International Property Securities Index Fund                       |
| AMP0974AU | AMP Capital Global Property Securities Fund - Class A                       |
| APN0001AU | APN Property for Income Fund  |
| COL0001AU | Charter Hall Maxim Property Securities Fund                                 |
| MAQ0063AU | Macquarie Master Property Securities Fund                                   |
| MLC0263AU | MLC Wholesale Property Securities Fund                                      |
| DFA0006AU | Strategic Global Property Trust   |
| SBC0816AU | UBS Property Securities Fund  |
| VAN0004AU | Vanguard Australian Property Securities Index Fund                          |
| NFS0209AU | Antares Listed Property Fund  |
| APN0023AU | APN Asian REIT Fund   |
| APN0004AU | APN Property for Income Fund No. 2  |
| CRM0008AU | Cromwell Phoenix Property Securities Fund                                   |
| MGL0010AU | Ironbark Global (ex-Australian) Property Securities Fund                    |
| BGL0108AU | iShares Australian Listed Property Index Fund                               |
| SSB0128AU | Legg Mason Martin Currie Property Securities Trust- Class A                 |
| SSB0026AU | Legg Mason Martin Currie Real Income Fund - Class A                         |
| MLC0786AU | MLC Wholesale Global Property Fund - Class A                                |
| RIM0031AU | Russell Investments International Property Securities Fund - Hedged Class A |
| ETL0005AU | SGH LaSalle Global Listed Property Securities Fund                          |
| HML0016AU | UBS Clarion Global Property Securities Fund                                 |
| VAN0012AU | Vanguard Index Australian Property Securities Fund - Retail                 |
| JBW0030AU | Yarra Australian Real Assets Securities Fund                                |
| ZUR0064AU | Zurich Investments Australian Property Securities Fund                      |
| APN0008AU | APN AREIT Fund  |

GTU0041AU Invesco WS Global Property Securities Fund - Hedged Class A  
SMF0107AU IOOF MultiMix Wholesale Australian Property Trust  
CRS0007AU SG Hiscock Property Fund  
HBC0008AU SG Hiscock Property Opportunities Fund  
ETL0119AU SGH Property Income Fund  
ACU0008AU Property Income Plus Fund  
VAN0019AU Vanguard International Property Securities Index Fund - Hedged  
AUX0018AU IOOF Wholesale Australian Property Trust - Class B

**Average**

**01/01/2020 - 20/04/2020**      **21/04/2020 - 30/06/2020**

Return %      Return %  
(Cumulative)      (Cumulative)

|        |       |
|--------|-------|
| -22.02 | 6.05  |
| -22.38 | 8.39  |
| -22.50 | 8.28  |
| -24.66 | 8.13  |
| -19.46 | 6.16  |
| -24.60 | 8.16  |
| -16.17 | 0.14  |
| -21.49 | 4.04  |
| -22.54 | 8.42  |
| -22.83 | 7.79  |
| -22.86 | 7.80  |
| -13.77 | -1.19 |
| -24.12 | 7.76  |
| -7.64  | -2.92 |
| -19.21 | 4.19  |
| -17.05 | 3.31  |
| -21.15 | 8.47  |
| -15.32 | 0.73  |
| -19.32 | 0.05  |
| -22.90 | 5.03  |
| -26.65 | 7.28  |
| -25.18 | 9.14  |
| -27.03 | 7.93  |
| -24.84 | 7.28  |
| -19.77 | 3.27  |
| -25.08 | 8.39  |
| -27.02 | 8.33  |
| -27.70 | 7.72  |
| -14.46 | -0.91 |
| -27.57 | 7.40  |
| -30.17 | 7.77  |
| -23.56 | 4.25  |
| -27.05 | 8.21  |
| -29.50 | 9.97  |
| -23.85 | 5.10  |
| -24.15 | 0.85  |
| -25.05 | 4.93  |
| -25.57 | 6.86  |
| -23.74 | 7.27  |
| -27.17 | 8.20  |
| -20.76 | 7.16  |
| -29.13 | 7.68  |
| -30.62 | 7.46  |

|                      |                    |
|----------------------|--------------------|
| -27.53               | 7.04               |
| -31.78               | 9.57               |
| -34.23               | 8.40               |
| -34.00               | 8.07               |
| -33.52               | 8.15               |
| -32.15               | 8.91               |
| -27.11               | 6.76               |
| -32.05               | 9.57               |
| <b><u>-24.31</u></b> | <b><u>6.21</u></b> |

**Asset Category: Direct Unlisted Property Assets****Calculated on: 21/07/2020 9:41:25 AM****Exported on: 21/07/2020 9:41:37 AM**

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|                       |  | <b>01/01/2020 -<br/>20/04/2020</b> |
|-----------------------|--|------------------------------------|
| APIR code             | Investment name  | Return %<br>(Cumulative)           |
| YOC0018AU             | Australian Unity Diversified Property Fund             | 4.27                               |
| CRM0018AU             | Cromwell Direct Property Fund                          | -5.08                              |
| YOC0100AU             | Australian Unity W/S Property Income Fund              | -12.42                             |
| CNT0032AU             | Centuria Diversified Property Fund                     | -2.09                              |
| AUS0112AU             | Australian Unity Healthcare Property Trust - Wholesale | 0.62                               |
| AUS0102AU             | Australian Unity Healthcare Property Trust - Retail    | 0.54                               |
| AUS0037AU             | Australian Unity Healthcare Property Trust - Class A   | 0.47                               |
| MAQ5880AU             | Charter Hall Direct PFA Fund                           | 0.29                               |
| MAQ0842AU             | Charter Hall Direct Office Fund - Wholesale A          | 0.46                               |
| MAQ0448AU             | Charter Hall Direct Office Fund - Wholesale            | 0.29                               |
| MAQ0433AU             | Charter Hall Direct Office Fund - Retail               | 0.26                               |
| AMP1180AU             | AMP Capital Core Infrastructure Fund - Class H         | -7.15                              |
| AMP1015AU             | AMP Capital Core Property Fund - Class A               | -10.70                             |
| NML0001AU             | AMP Capital W/S Australian Property Fund               | -2.43                              |
| <b><u>Average</u></b> |  | <b><u>-2.33</u></b>                |

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**21/04/2020 -  
30/06/2020**

---

Return %  
(Cumulative)

---

4.96  
4.38  
2.95  
1.48  
1.12  
1.04  
0.97  
0.49  
0.35  
0.24  
0.21  
-0.18  
-0.41  
-3.02

**1.04**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF110QW</b> | Do you, or any entities you control, have agribusiness schemes on your platform?<br>If so, what was the nominal value of these investments on:<br>a. 1 January 2020?<br>b. 20 April 2020? |
|------------------|---|

**Response:**

There are no agribusiness schemes on the IOOF platforms.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF111QW</b> | Managed investment schemes<br>a. What policies and governance structures do you, or any entities you control, have in place to determine what managed investment schemes are added to your investment platforms? (Please also provide a copy of these policies.)<br>b. Do you, or any entities you control, allow financial advice dealer groups to add managed investment schemes to your platform and/or recommended product lists? |
|------------------|---|

**Response:**

- a. Investment Governance Frameworks outline the requirements under which investment vehicles (including managed investment schemes) may be added or maintained on our investment platforms. Refer to attachment **IOOF111QW**.
- b. A particular managed investment scheme (Investment option) may be requested to be added to the investment menu of our platform by a financial advice practice or a financial adviser. This will be subject to the applicable criteria and ongoing oversight in accordance with the Investment Governance Framework. Financial advice dealer groups cannot influence the addition of managed investment schemes to platforms or recommended product lists.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF112QW</b> | APRA supervision of investment governance<br>a. Please describe APRA’s current supervision of your investment governance.<br>b. When did APRA last examine your investment governance processes?<br>c. Has APRA asked you to stress-test particular types of managed investment schemes? If so, what types? |
|------------------|---|

**Response:**

- a. Supervision of investment governance forms part of APRA's general supervision role and has not been a specific focus of recent discussions with APRA. It is noted that APRA sets out its expectations for Investment Governance in Prudential Standard SPS530.
- b. APRA has not recently conducted a specific prudential review of IIML’s investment governance process, which is subject to Internal Audit review.
- c. One of the requirements of Prudential Standard SPS530 is that the RSE Licensee must have a comprehensive stress testing program. While APRA has not directly asked IIML to stress test particular types of schemes, IIML responded to APRA’s March 2020 industry wide request for information on COVID-19 scenario planning that included a response on stress testing for Choice and MySuper products.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF113QW</b> | Can you please advise what exposure your members have to listed property trusts and the value of those asset holdings on:<br>a. 1 January 2020?<br>b. 25 April 2020? |
|------------------|--|

**Response:**

- a. IBIT: 4.4% or \$147.3m
- b. IBIT: 3.6% or \$111.2m

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF114QW</b> | Can you please advise what exposure your members have to listed mortgage trusts and the value of those asset holders on:<br>a. 1 January 2020?<br>b. 25 April 2020? |
|------------------|---|

**Response:**

Members do not have any exposure to listed mortgage trusts.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF115QW</b> | Do you expect that actual or expected hardship redemptions as a result of the COVID-19 pandemic will reduce, delay or otherwise impact shareholder returns? If so, how and to what extent? |
|------------------|--|

**Response:**

In the context of the size of the Fund, IOOF Group does not *currently* expect hardship redemptions to impact shareholder returns in a material way.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF116QW</b> | How many sexual harassment complaints have been lodged against your company in the last five years?<br>For each complaint, please set out:<br>a. the jurisdiction<br>b. how the complaint was resolved, and<br>c. the remedies ordered or settlement amount. |
|------------------|--|

**Response:**

IOOF Group has recorded two sexual harassment related complaints from staff in the last five years - one was in Queensland and one in South Australia. These were both investigated internally by Human Resources and formal warnings given. No remedies or settlement amounts apply.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF117QW</b> | In the context of understanding the value of your services to Australian superannuation members, can you please advise the remuneration package for your Chief Executive; specifically:<br>a. base salary<br>b. annual bonuses<br>c. the accumulated value of deferred bonuses unpaid<br>d. the accumulated value of deferred bonuses paid<br>e. any other annual, bonus or deferred remuneration information or settlements not covered in the previous four points, and<br>f. reimbursements for expenses. |
|------------------|--|

**Response:**

- a. \$1,178,306 (cash) + 21,694 (super) = 1,200,000 Total Fixed Remuneration
- b. Annual bonuses Long Term Incentive (LTI) opportunity = 100% of TFR (deferred for 4 years)
- c. 24-month deferred FY2018 STI shares, remain restricted until Board review (Look Back) in July 2020. 13,112 shares (accounting value \$112,501).
- d. 12-month deferred FY2018 STI shares, unrestricted in 2019. 13,112 shares (accounting value \$112,501) were transferred.
- e. LTI's granted in prior performance periods - 2018 plan, 2019 plan, and 2020 plan, accounting value of share-based payments is \$280,676.57
- f. reimbursements for expenses. = \$753.47 for last 12 months.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF118QW</b> | Please provide copies of your:<br>a. annual report for the past five years, and<br>b. company structure. |
|------------------|--|

**Response:**

a. Please refer to Attachments:

**IOOF118QW\_1**

**IOOF118QW\_2**

**IOOF118QW\_3**

**IOOF118QW\_4**

**IOOF118QW\_5**

b. Please refer to Attachment **IOOF118QW\_6**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

**I.O.O.F. INVESTMENT MANAGEMENT LIMITED – CORPORATE STRUCTURE CHART**

**31 JULY 2020**



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF119QW</b> | Please provide details of sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements for the past five years. |
|------------------|--|

**Response:**

The total cost of marketing or marketing-like arrangements for the past five years was \$475,052. The cost of engaging external advertising and marketing (communications) consultants for the Fund over the past five years was:

| <b>FY15</b> | <b>FY16</b> | <b>FY17</b> | <b>FY18</b> | <b>FY19</b> |
|-------------|-------------|-------------|-------------|-------------|
| \$13,959    | \$6,699     | \$46,750    | \$12,925    | \$31,817    |

For the past seven years, IOOF Group has had a sponsorship agreement in place with the Sydney Cricket and Sports Ground Trust (SCG Trust). Pursuant to the agreement, we are the official Superannuation, Investments and Financial Advice partner at Allianz Stadium (which is part of the SCG Trust). The agreement costs approximately \$400,000 per year, total of \$2,000,000 for five years. These amounts are not paid from superannuation member Funds.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF120QW</b> | Has your company ever made a donation (please include donations and 'other subscriptions') to any political party either directly or through a third party? |
|------------------|---|

**Response:**

No

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF121QW</b> | Does your company have a relationship with the:<br>a. Business Council of Australia?<br>b. Financial Services Council?<br>c. Australian Financial Markets Association?<br>d. Institute for Public Affairs?<br>If so, please provide details of any amounts paid to each group. |
|------------------|--|

**Response:**

- a. No.
- b. Not for this Financial Year. The last invoice IOOF Group paid was dated 26/02/16 for \$1,450.
- c. Not for this Financial Year. The last invoice IOOF Group paid was dated 19/03/18 for \$1,034.
- d. No.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF122QW</b> | Are any commissions paid to employees?<br>If so, please provide:<br>a. Details of these commission arrangements.<br>b. The total amount of commissions paid for each of the last five years.<br>c. The conflicts of interest policy for managing these commission arrangements. |
|------------------|---|

**Response:**

No Commissions are paid to employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF123QW</b> | Does your company/fund pay incentives (commissions, shelf fees, volume incentives) to win investment mandates?<br>If so, please provide the details. |
|------------------|--|

**Response:**

No.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                  |   |
|------------------|---|
| <b>IOOF124QW</b> | In the context of corporate governance, can you please provide for board directors (based or located in Australia or elsewhere) for the past five years:<br>a. A list of the Board members and their biographies.<br>b. De-identified total remuneration for each Board director.<br>c. De-identified disaggregated remuneration for each Board Director, including:<br>i. Base salary.<br>ii. Annual bonuses.<br>iii. The accumulated value of deferred bonuses unpaid.<br>iv. The accumulated value of deferred bonuses paid.<br>v. Any other annual, bonus or deferred remuneration information not covered in the previous four points.<br>vi. Reimbursements for expenses. |
|------------------|---|

#### Response:

##### *Current Directors:*

- Martin Walsh (Chair)
- Karen Gibson
- Jane Harvey
- Lindsay Smartt
- Andrew Bloore

##### *Past Directors:*

- Elizabeth Flynn
- John Selak
- George Venardos
- Christopher Kelaher
- Dawn Oldham
- Allan Griffiths
- Roger Sexton
- Ian Griffiths

Please refer to Attachments:

**IOOF124QW\_1**

**IOOF124QW\_2**

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

##### Current Director Board Biographies

###### **Mr Martin Walsh**

###### **B.COM, FCA, GAICD, FGIA**

Non-Executive Director of IOOF Investment Management Limited since 31 January 2017.

Mr Walsh has been an international partner and advisor for 35 years in assurance and advisory services, with previous roles held at both Ernst & Young and Deloitte in Australia, PNG, South Korea and the US. During his career, he has acquired experience in Superannuation, Asset Management and Trustee Services, including assurance, operational due diligence, strategy, risk, compliance and governance.

Mr Walsh holds a Bachelor of Commerce from Melbourne University, is a Fellow of the Institute of Chartered Accountants and the Governance Institute as well as being a Graduate Member of the Institute of Company Directors. He is currently a Director of The Royal Australian College of General Practitioners and was formerly a Director of State Super Financial Services Australia Limited and Hastings Funds Management Limited.

###### **Ms Karen Gibson**

Non-Executive Director of IOOF Investment Management Limited since 26 November 2018.

Karen is a Brisbane based non-executive director and consultant with significant and broad experience in the financial services industry. Building organisational capability and promoting a customer focused culture, positioning the organisations for growth and developing ambitious member centred strategic objectives were key achievements as CEO and as non-executive director. Karen has worked with Trustees, asset consultants, investment managers, government and unions to improve the financial security for members and investors, and as a consultant, uses this experience to support organisations in developing effective governance and investment frameworks, planning and change management.

Karen is on the board of Nambawan Superannuation Limited and International House (UQ) with previous experience on the boards of OneVue Holdings and MAP Funds Management.

Karen has worked with microfinance organisations in Cambodia and Red Cross Refugee Support in Australia and is qualified with GAICD, MBA, BSc and Diplomas in financial services.

###### **Mr Andrew Bloore**

Non-Executive Director of IOOF Investment Management Limited since 26 November 2018.

Andrew Bloore is an experienced Non-Executive Director, entrepreneur and farmer. He has designed, built and sold a number of businesses, focussed on the development of key disruptive technologies and distribution services in traditional markets, to create business efficiencies. Businesses Andrew has been actively involved in, both as an Executive and / or as a Director and in the capacity of investment funding, development and leadership, include:

- Superannuation Administration (Smartsuper and SuperIQ).
- Superannuation software design (Class Super).
- Manufacturing (marine products and surf equipment and manufacturing in China).
- Engineering (ignition systems for engines).

- Accounting (traditional tax accounting, management consulting and business advice firm).
- Rural Property and food production (cattle cropping and currently developing intensive agriculture indoor vertical farming).

Throughout his Executive career, Andrew has worked on a range of Senate and Treasury Committees, and with the Australian Taxation Office (ATO) Regulations Committee on regulation for the superannuation industry. In 2016, Andrew sold his superannuation administration business to AMP, stepped down from the Senate and Treasury Committees and is now focussed on contributing to organisations as a Non-Executive Director.

### **Ms Jane Harvey**

#### **B.COM, MBA, FCA, FAICD**

Non-executive Director of IOOF Investment Management Limited since 14 December 2005 (ended 21 March 2017, reappointed 19 March 2020)

Ms Harvey has more than 30 years' experience in the financial and advisory services industry. Prior positions include as a Partner at PricewaterhouseCoopers, a Director of David Jones Limited from 2012 to 2014, a Director of UGL Limited from 2015 to 2017, and as a Director of DUET Finance Limited, a stapled entity within the ASX Listed DUET Group from 2013 to 2017. Jane was also a Director of AET Ltd between 2009-2017.

Jane is a Board Member of Orygen – The National Centre of Excellence in Youth Mental Health, and Trustee of the Marian & EH Flack Trust.

### **Past Director Board Biographies**

*Please note that the biographies provided for past Directors that are no longer engaged by the IOOF Group (indicated below\*) are the historical biographies held on file by IOOF and therefore may no longer contain current information.*

### **Mr John Selak**

Independent Non-Executive Director

Dip Acc, FCA, FAICD

#### **Independent Non-Executive Director since 2016**

Mr Selak has over 40 years' experience in the financial and advisory services industry. From 2000 to 2016 he was a partner in the Corporate Finance Practice of Ernst & Young, providing valuation services to a broad range of local and international clients and also serving on their Global Corporate Finance Executive.

### **Ms Dawn Oldham\***

#### **B.EC/B.COM, GDIP FINPLAN, GDIP APPFININV, GAICD, F FINSIA**

Resigned as Non-executive Director on 21 August 2018 of:

1. IOOF Investment Management Limited since 31 January 2017
2. Australian Executor Trustees Limited since 31 January 2017

Ms Oldham was a top-rated equity analyst in the Consumer sector at Merrill Lynch and Citigroup for more than 10 years. Amongst her other achievements, Ms Oldham has consulted extensively to top FMCG companies on corporate strategy and owned and operated a successful wealth management business.

Ms Oldham holds a Bachelor of Economics & Commerce (First Class Honours) from Monash University, a Graduate Diploma in Applied Finance & Investment and a Graduate Diploma in Financial Planning and was appointed to the AICD Chair Mentoring Program in 2015. She is also a Fellow of FINSIA and a Graduate of the Australian Institute of Company Directors.

**Mr George Venardos\*****B.COM, FCA, FGIA, FAICD, FTIA**

Resigned as Non-Executive Director on 28 November 2018 of:

1. IOOF Investment Management Limited
2. Australian Executor Trustees Limited
3. Questor Financial Services Limited.#

Mr Venardos is an experienced director with broad listed company experience across a range of different industries including financial services, affordable leisure, oil and gas services and technology development.

Mr Venardos has over 30 years' experience in executive roles in financial services, insurance and funds management. For a period of ten years, Mr Venardos was the Chief Financial Officer of Insurance Australia Group, and Chairman of the Insurance Council of Australia's Finance and Accounting Committee.

Mr Venardos was a director of Miclyn Express Offshore Ltd from 2010 to 2013, Bluglass Ltd from 2008 to 2016 and Ardent Leisure Group from 2009 to 2017.

**Mr Christopher Kelaher – Group Managing Director (Ceased 4 April 2019)\*****B.EC, LL.B, F FIN.**

Resigned as Director of IIML, AET and IOOF Ltd on 1 September 2018.

Mr Kelaher was appointed as Managing Director of IOOF Holdings Ltd in 2009, after IOOF's merger with Australian Wealth Management Limited (AWM), a company he had led since 2006. He resigned as Director of the IOOF Ltd, IOOF Investment Management Limited and Australian Executor Trustees Limited Boards effective 1 September 2018. He resigned from the IOOF Holdings Ltd Board on 4 April 2019.

Prior to AWM, Mr Kelaher was the CEO of Select Managed Funds Limited for nine years, a private company which was brought to market in 2005 and in turn ultimately merged with AWM in 2006. In the following periods, he has been instrumental in executing multiple mergers and acquisitions that have added materially to the IOOF Group and its antecedent businesses. Mr Kelaher has extensive capital markets experience from his time during the late 1980s with Citicorp where he oversaw the establishment of Citicorp Investment Management and Global Asset Management business in Australia and New Zealand.

He holds a Bachelor of Economics and a Bachelor of Laws from Monash University and is a Fellow of the Financial Services Institute of Australia.

**Mr Allan Griffiths**

Chairman

B.Bus, DipLi

**Independent Non-Executive Director since 2014**

More than 30 years' experience with a deep understanding of the financial services industry. Mr Griffiths has held a number of executive positions within the industry most notably as Chief Executive Officer Aviva Australia and later Managing Director South Asia, Aviva Asia Pte Ltd based in Singapore. Prior to joining Aviva he held executive positions with Colonial Ltd and Commonwealth Bank of Australia.

### **Ms Elizabeth Flynn**

Independent Non-Executive Director

LL.B, Grad Dip AppCorpGov, FAICD, FFin, FGIA, FCIS.

#### **Independent Non-Executive Director since 2015**

Ms Flynn has more than 30 years' experience in the financial services industry, including roles within law and corporate governance as well as executive responsibilities. From 1998 to 2010, Ms Flynn was the Chief Legal Counsel, Group Compliance Manager and Group Company Secretary of financial services group Aviva Australia, and a director of NULIS Nominees, Aviva Australian's superannuation trustee company. Prior to her time at Aviva, Ms Flynn spent 18 years as a commercial lawyer with Minter Ellison, including eight years as a partner, specialising in managed funds, banking and securitisation and superannuation. Ms Flynn was a director of Bennelong Funds Management from 2010 to 2015.

### **Dr Roger Sexton AM\***

**B.EC. (HONS), M.EC. PH.D (ECON), FAICD, FAIM. SFFIN, C. P MGR, C.UNIV**

Retired as Non-Executive Director 24 November 2016:

1. IOOF Investment Management Limited since 23 June 2009
2. Australian Executor Trustees Limited since 1 May 2009
3. Questor Financial Services Limited since 1 May 2009<sup>#</sup>

Dr Sexton had more than 30 years' experience in senior management in finance and the investment banking industry. He is a specialist in the areas of corporate reconstruction, mergers and acquisitions, and asset management. Dr Sexton is a Fellow of the Australian Institute of Management, a Fellow of the Australian Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australia.

Dr Sexton was awarded a Member of the Order of Australia in the 2011 Queen's Birthday Honours.

### **Mr Ian Griffiths\***

**C.ACC, DIPALL, FAICD**

Retired as Non-executive Director October 2015:

1. IOOF Investment Management Limited since 23 June 2009
2. Australian Executor Trustees Limited since 25 October 2006
3. Questor Financial Services Limited since 25 October 2006

Former Executive Director of Australian Wealth Management Ltd and Select Managed Funds Ltd, from 1997 until acquisition by the IOOF Group in 2009.

Mr Griffiths has more than 40 years' experience in the financial and superannuation industries with a superannuation administration and business consulting career commencing with AMP in 1972. Mr Griffiths has extensive industry knowledge and skills, particularly in operations, mergers and acquisitions.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                                  | b. De-identified total remuneration for each Board director 2015/16 | b. De-identified total remuneration for each Board director 2016/17 | b. De-identified total remuneration for each Board director 2017/18 | b. De-identified total remuneration for each Board director 2018/19 | b. De-identified total remuneration for each Board director 2019/20 | i. Base salary. 2015/16 | i. Base salary. 2016/17 | i. Base salary. 2017/18 | i. Base salary. 2018/19 | i. Base salary. 2019/20 |
|----------------------------------|---|---|---|---|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b><i>Current Directors:</i></b> |   |   |   |   |   |                         |                         |                         |                         |                         |
| Director A                       | -   | 25,154  | 64,242  | 140,160   | 157,105   | -                       | 25,154                  | 63,000                  | 135,539                 | 155,000                 |
| Director B                       | -   | -   | -   | 55,269  | 153,035   | -                       | -                       | -                       | 53,268                  | 150,600                 |
| Director C                       | 162,971   | 170,000   | 170,000   | 170,711   | 170,941   | 162,971                 | 170,000                 | 170,000                 | 170,000                 | 170,000                 |
| Director D                       | -   | -   | -   | -   | 157,013   | -                       | -                       | -                       | -                       | 150,600                 |
| Director E                       | -   | -   | -   | 89,781  | 167,920   | -                       | -                       | -                       | 89,781                  | 166,568                 |
| <b><i>Past Directors:</i></b>    |   |   |   |   |   |                         |                         |                         |                         |                         |
| Director F                       | 127,759   | 170,149   | 171,595   | 171,720   | 170,000   | 126,204                 | 170,050                 | 170,000                 | 170,000                 | 170,000                 |
| Director G                       | -   | 121,615   | 170,000   | 170,000   | 170,000   | -                       | 121,615                 | 170,000                 | 170,000                 | 170,000                 |
| Director H                       | 177,876   | 259,253   | 307,744   | 274,008   | 72,519  | 162,971                 | 239,432                 | 285,000                 | 261,130                 | 71,492                  |
| Director J                       | 1,207,031   | 1,230,979   | 1,256,335   | 1,326,937   | -   | 1,207,031               | 1,230,979               | 1,256,335               | 1,326,937               | -                       |
| Director K                       | -   | 25,154  | 63,822  | 9,692   | -   | -                       | 25,154                  | 63,000                  | 9,692                   | -                       |
| Director L                       | 145,587   | 162,971   | 170,050   | 244,318   | 288,731   | 145,587                 | 162,971                 | 170,050                 | 234,135                 | 285,000                 |
| Director M                       | 271,583   | 114,100   | -   | -   | -   | 271,583                 | 114,100                 | -                       | -                       | -                       |
| Director N                       | 42,250  | -   | -   | -   | -   | 42,250                  | -                       | -                       | -                       | -                       |

\* 35,420 shares were restricted at 30 June 2018 with an accounting value of \$348,887.00 - note these were eventually returned to the Share Plans Trust and not allocated to the director

\*\* 72,052 shares remained restricted subject to lookback at 30 June 2019 (accounting value \$663,189.56) - this includes the amount restricted at 30 June 2018 plus an additional 36,632 shares (accounting value \$314,302.56) - note these were eventually returned to the Share Plans Trust and not allocated to CK

c. De-identified disaggregated remunera

|                                  | ii. Annual<br>bonuses.<br>2015/16 | ii. Annual<br>bonuses.<br>2016/17 | ii. Annual<br>bonuses.<br>2017/18 | ii. Annual<br>bonuses.<br>2018/19 | ii. Annual<br>bonuses.<br>2019/20 | iii. The<br>accumulated<br>value of<br>deferred<br>bonuses unpaid.<br>2015/16 | iii. The<br>accumulated<br>value of<br>deferred<br>bonuses unpaid.<br>2016/17 | iii. The<br>accumulated<br>value of<br>deferred<br>bonuses unpaid.<br>2017/18 | iii. The<br>accumulated<br>value of<br>deferred<br>bonuses unpaid.<br>2018/19 | iii. The<br>accumulated<br>value of<br>deferred<br>bonuses unpaid.<br>2019/20 |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|---|---|---|---|
| <b><i>Current Directors:</i></b> |                                   |                                   |                                   |                                   |                                   |   |   |   |   |   |
| Director A                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director B                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director C                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director D                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director E                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| <b><i>Past Directors:</i></b>    |                                   |                                   |                                   |                                   |                                   |   |   |   |   |   |
| Director F                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director G                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director H                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director J                       | 651,891                           | 697,765                           | 314,302                           | -                                 | -                                 | 245,554   | 325,943   | *   | **  | -   |
| Director K                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director L                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director M                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |
| Director N                       | -                                 | -                                 | -                                 | -                                 | -                                 | -   | -   | -   | -   | -   |

\* 35,420 shares were res

\*\*72,052 shares remaine  
36,



|                                  | vi.<br>Reimbursements<br>for expenses.<br>2015/16 | vi.<br>Reimbursements<br>for expenses.<br>2016/17 | vi.<br>Reimbursements<br>for expenses.<br>2017/18 | vi.<br>Reimbursements<br>for expenses.<br>2018/19 | vi.<br>Reimbursements<br>for expenses.<br>2019/20 |
|----------------------------------|---|---|---|---|---|
| <b><i>Current Directors:</i></b> |   |   |   |   |   |
| Director A                       | -   | -   | 1,242   | 4,642   | 2,105   |
| Director B                       | -   | -   | -   | 2,001   | 2,435   |
| Director C                       | -   | -   | -   | 711   | 941   |
| Director D                       | -   | -   | -   | -   | 6,413   |
| Director E                       | -   | -   | -   | -   | 1,352   |
| <b><i>Past Directors:</i></b>    |   |   |   |   |   |
| Director F                       | 1,555   | 99  | 1,595   | 1,720   | -   |
| Director G                       | -   | -   | -   | -   | -   |
| Director H                       | 14,905  | 19,821  | 22,744  | 12,878  | 1,027   |
| Director J                       | -   | -   | -   | -   | -   |
| Director K                       | -   | -   | 822   | -   | -   |
| Director L                       | -   | -   | -   | 10,183  | 3,730   |
| Director M                       | -   | -   | -   | -   | -   |
| Director N                       | -   | -   | -   | -   | -   |

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF125QW</b> | Self-managed super funds<br>a. Can you please advise whether you manage funds for SMSFs?<br>b. Have you allowed individuals and/or SMSFs to co-invest alongside your investments?<br>c. Do you allow individuals and/or SMSFs to co-invest alongside your investments? |
|------------------|--|

**Response:**

- a. No.
- b. No.
- c. No.

Individuals and Self-managed super funds investors may access some of the same managed investment schemes that are available on the menus of the Fund, however co-investment is not available.

Some Self-managed super fund investors may invest into IOOF Managed Investment Schemes or Investor Directed Portfolio Services.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF126QW</b> | Please advise whether you manage funds for:<br>a. family trusts?<br>b. trusts?<br>c. registered organisations, and if so which registered organisations? |
|------------------|--|

**Response:**

No

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                  |   |
|------------------|---|
| <b>IOOF127QW</b> | Managing money for related parties<br>a. Do you manage money for any related parties, whether superannuation funds or otherwise?<br>b. If so, which organisations or entities?<br>c. In relation to these organisations or entities:<br>i. Are you aware whether those related parties have assessed the value of these arrangements, relative to best-practice arms-length arrangements available elsewhere, in terms of generating returns for members?<br>ii. Please provide your conflicts of interest policy for managing related party arrangements.<br>iii. Please provide your risk management approach for related party arrangements including line 1, line 2 and line 3 roles. |
|------------------|---|

#### Response:

a. & b.

The IOOF Group's responsible entities offer a range of Managed Investment Schemes (MISs) on the platforms of related parties, along with a wide range of third-party MISs, direct securities, Term Deposits and other investment options. Our platform investment menus offered approximately 670 managed investment schemes (investment options) as of 31/3/20. IOOF Investment Services Limited (ISIL) as the Responsible Entity for the IOOF Balanced Investor Trust, offers the underlying investment for the IOOF MySuper. IISL offers a broad range of MIS on IOOF platforms.

c.

- i. IIML regularly reviews the competitiveness, appropriateness and suitability of its MySuper investment strategy.
- ii. Please refer to Attachment **IOOF127QW**
- iii. IOOF adopt three lines of defence model (3LOD), whereby risk owners in the first line [business unit] are responsible for the identification, management/mitigation and controls testing of risks, supported by second line Enterprise risk and compliance function in these activities. Related party arrangements are addressed, and procedures are documented in a range of policies and frameworks and, in particular to investment menu matters, the Investment Governance Frameworks. Related party arrangements, as with all conflicts of interest matters are considered at all three lines of defence as well as at board and board committees. In the case of the addition or maintenance of related party investment options to the investment menus of related RSEs and service operators, our approach is to require independent assessment of the related-party investment options by a third-party research/ratings organisation. Each of IIML and IISL have majority Independent board members and are supported by an *Office of the Superannuation Trustee* and an *Office of the Responsible Entity* respectively.



Creating financial independence since 1846

# IOOF Conflicts Management Framework

Updated April 2019

# Conflicts Management Framework

## What is it?

At IOOF, we have implemented a Conflicts Management Framework to recognise, treat, monitor and manage conflicts of interest. Given the size of our business, the diversity of our products and services and our multiple stakeholder interests, it is important for us to be able to recognise potential and actual conflicts and take all reasonable steps to either avoid or prudently manage them.

The Conflicts Management Framework applies across the whole of our business, but to help meet additional regulatory requirements that are particular to our superannuation businesses, APRA requires us to clearly and separately identify what aspects of the Conflicts Management Framework apply to the superannuation fund trustees (as set out in the Superannuation Trustee Conflicts Management Policy).<sup>1</sup>

To avoid duplication in the documents that make up the framework, but still achieve the overall objective of separately identifying a conflicts management framework for the Superannuation Fund Trustees, being IOOF Investment Management Limited (**IIML**) and Australian Executor Trustees Limited (**AET**), the following structure has been adopted:

- This overarching Conflicts Management Framework document explains the whole framework and how it all fits together.
- We have separate group-wide and superannuation-specific policies for managing conflicts.
- We have one set of policy schedules across the whole framework with requirements classified as applying:
  - group-wide,
  - only to superannuation, or
  - not in a superannuation context (and other applicable contexts).

## What does the Conflicts Management Framework consist of?

The following documents can be accessed via the intranet or by clicking on the links below:

- The Group Conflicts Management Policy
- Superannuation Trustee Conflicts Management Policy
- The Policy Schedules (or Parts of Schedules):
  - Policy Schedule 1: Roles and Responsibilities
  - Policy Schedule 2: Related Parties
  - Policy Schedule 3: Director Role and Responsibilities
  - Policy Schedule 4: Financial Advisory
  - Policy Schedule 5: Compliance Team

Contact the Compliance Team if you want to access the following documents or want further information on the:

- The Register of Potential and Actual Conflicts
- The Gifts, Entertainment and Alternative Remuneration Register
- The Related Party Contracts Register

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<sup>1</sup> A10.1

- The Company Secretary’s Confidential Conflicts Register

The following associated policies available on HQ also reference conflicts requirements:

- IOOF Code of Conduct
- IOOF Governance Framework
- IOOF Responsible Persons Policy– Fitness and Propriety
- IOOF Vendor Management and Outsourcing Policy and Procedures
- IOOF Investment Governance Framework
- IOOF Whistleblower Policy
- IOOF Breach and Incident Manual.
- Applicable Trading Policies

**(Associated Policies)<sup>2</sup>**

The conflicts management framework for the superannuation fund trustees also consists of the AET and IIML publicly available Registers of Relevant Duties and Relevant Interests, which are available by clicking the following link:

[www.ioof.com.au/about-us/about-ioof/trustee-disclosures/ioof](http://www.ioof.com.au/about-us/about-ioof/trustee-disclosures/ioof)

### So where do I look?

This Conflicts Management Framework and the Group Conflicts Management Policy both apply to all employees, contractors or directors of IOOF group companies.

You must also follow and apply the Superannuation Trustee Conflicts Management Policy whenever you are involved in the business of our superannuation fund trustees. The superannuation fund trustees that are currently within the IOOF group are IOOF Investment Management Limited (**IIML**) and Australian Executor Trustees Limited (**AET**). The table below provides a road map to help you identify which other parts of the Conflicts Management Framework you will need to be familiar with, as applicable to your role.

| Your Role                      | Then you need to follow ...  |
|--------------------------------|--|
| An IOOF employee or contractor | Policy Schedule 1 – Roles and Responsibilities.<br>Policy Schedule 2 – Related Parties<br>Any other applicable group policies including:<br>Code of Conduct<br>Applicable Trading Policies<br>Whistleblower Policy<br>Vendor Management and Outsourcing Policy and Procedures<br>IOOF Breach and Incident Manual |

<sup>2</sup> A2.1

|  |  |
|--|--|
| A Responsible Person that works for IOOF   | <p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>The Responsible Persons Policy – Fitness and Propriety</p> <p>Any other applicable group policies including the applicable Investment Governance Framework</p> |
| A Responsible Person external to IOOF (such as an auditor or actuary)  | <p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>The Responsible Persons Policy – Fitness and Propriety</p> <p>Any other applicable group policies including the applicable Investment Governance Framework</p> |
| Director of any IOOF group entity  | <p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Policy Schedule 3 – Directors Roles and Responsibilities</p> <p>Any other applicable group policies</p>  |
| An IOOF employee involved in the advice process or in a sales role involving provision of benefits to advisers | <p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Policy Schedule 4 – Financial Advisory</p> <p>Any other applicable group policies</p>  |
| A member of the Research or Stockbroking Teams   | <p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Any applicable Investment Governance Framework (Research)</p> <p>Any other applicable group policies</p>   |
| A member of the Product Team   | <p>Policy Schedule 1 – Roles and Responsibilities.</p> <p>Policy Schedule 2 – Related Parties</p> <p>The applicable Investment Governance Framework</p> <p>Any other applicable group policies</p>   |
| A member of the Investment Division  | <p>Any applicable Investment Governance Framework</p> <p>Policy Schedule 1: Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Any other applicable group policies</p>   |
| A member of the Compliance Team  | All policies and Policy Schedules  |

A reference to a Responsible Person in the Conflicts Management Framework refers to those responsible for the management and oversight of the Superannuation Fund Trustees' business operations, including but not limited to, directors, secretaries, senior managers, appointed auditor and an appointed actuary.



## Training

Training on the Conflicts Management Framework will be provided to ensure everyone has a sound knowledge and understanding of the framework requirements, the process for identifying, managing and reporting conflicts of interest and the associated registers that must be maintained.

A Training and Implementation Plan will be developed by the Compliance Team and rolled out to address the different training needs across the business.

## Review

The Conflicts Management Framework is reviewed internally at least annually and subject to comprehensive review by our internal auditors every 3 years.

## More information

For more information about the Conflict Management Framework, please contact a member of the Compliance Team.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF128QW</b> | Please provide the number of clients by funds under management on behalf of each client, in the following ranges: <ul style="list-style-type: none"><li>• &lt;\$20 million</li><li>• \$20 million - \$50 million</li><li>• \$50 million - \$100 million</li><li>• \$100 million - \$1 billion</li><li>• &gt;\$1 billion.</li></ul> |
|------------------|--|

**Response:**

*IOOF Portfolio Service*

- <\$20 million = 254,455

*Small APRA Funds*

- There are 1,377 SAFs, 1376 have FUM less than \$20M, 1 Fund has more than \$20M

*Macquarie badge – AvWrap & Acquire*

- <\$20 million = 1,080

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                  |  |
|------------------|--|
| <b>IOOF129QW</b> | Please list the individual private clients under management (including family trusts) for the following ranges: <ul style="list-style-type: none"><li>• &lt;\$20 million</li><li>• \$20 million - \$50 million</li><li>• \$50 million - \$100 million</li><li>• \$100 million - \$1 billion</li><li>• &gt;\$1 billion.</li></ul> |
|------------------|--|

#### Response:

##### *IOOF Portfolio Service*

- <\$20 million = 254,455

##### *Small APRA Funds*

Total Members of all SAFS are 2,264, no individual member has FUM greater than \$20M

##### *Macquarie badge – AvWrap & Acquire*

- <\$20 million = 1,080

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF130QW</b> | Do you support remuneration disclosure laws in Corporations Law? |
|------------------|--|

**Response:**

IOOF supports current remuneration disclosure laws in the Corporations Law, and notes that remuneration disclosures for superannuation funds are also required under section 29QB of the Superannuation Industry (Supervision) Act 1993.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF131QW</b> | If you are an investor in any banking institution, have you individually as a fund (or in collaboration with other funds), ever commissioned reports into its valuation in the past decade?<br>a. If so, how many reports and in what year?<br>b. Please provide copies. |
|------------------|--|

**Response:**

Not applicable.

For completeness it is noted that some IOOF funds may hold shares in listed banking institutions. No reports have been commissioned into valuation of those holdings.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                  |   |
|------------------|---|
| <b>IOOF132QW</b> | Please provide details of the process you apply for assessing voting at annual general meetings of listed companies, including:<br>a. The committee appointed to make decisions.<br>b. The committee membership.<br>c. Whether that committee reports to the board.<br>d. What principles guide decision making.<br>e. Whether there is a report to the board about decisions made.<br>f. Whether decisions are made based on the objectives of improving capital value, or social or environmental priorities. |
|------------------|---|

#### Response:

As the holder of shares for the benefit of its members in the MySuper strategy, IOOF as Responsible Entity of the IOOF Balanced Investor Trust, has a fiduciary obligation to act in the best interests of the beneficiaries of those shares and use best efforts to preserve and increase the long-term value of the investments.

Voting is generally delegated to the underlying fund manager, therefore, IOOF must also ensure that the fund manager has voting policies that are consistent with best practice and that the manager will vote in a manner consistent with these principles and in the best interests of IOOF's clients.

As per the Investment Management Agreements, IOOF as responsible entity has the discretion to override a manager's intended vote where we consider it to be in our clients' best interests to do so.

When assessing external fund manager proxy voting policies, we take into account our 'Responsible Investment Framework', together with the best practice standards of corporate governance such as the ACSI (Australian Council of Superannuation Investors) Guidelines and the ASX Corporate Governance Council recommendations.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                  |   |
|------------------|---|
| <b>IOOF133QW</b> | In the context of your board:<br>a. What is the process for board appointments?<br>b. Is there a skills matrix completed before board appointments?<br>c. Are any of your shareholders entitled to appoint directors?<br>d. How, if at all, are shareholders represented to the board?<br>e. How, if at all, are shareholders represented within the company? |
|------------------|---|

#### Response:

- a. The APRA Regulated Entity Remuneration and Nomination Committee provides recommendations to the IIML Board regarding any candidates for appointment, with such candidates being appointed as Directors by resolution of the Board. The process for the nomination and appointment of Directors is independent from the IOOF Group and any of the IOOF Group's committees, with the exception of the APRA Regulated Entity Remuneration and Nomination Committee, which was established in consultation with APRA.
- b. Yes
- c. IOOF Holdings Ltd, as the sole shareholder of IIML, may appoint or remove Directors in accordance with IIML's constitution.
- d. Mr Andrew Bloore is a Non-Executive Director of IIML and IOOF Holdings Ltd (the sole shareholder of IIML). Mr Bloore abstains from voting in circumstances where there is a perceived, potential or actual conflict of interest between the interests of IIML including superannuation members and the parent company's interests.
- e. A Director of IOOF Holdings Ltd (the sole shareholder of IIML) sits on the IIML Board. In circumstances where there is a conflict between the duties of the IIML Board owed to the members of the superannuation fund and the duties owed to the shareholder and/or a conflict between the interests of the members of the superannuation fund and the interests of the shareholder, the Director gives priority to the duties owed to and interests of the members of the superannuation fund.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF134QW</b> | What is the largest severance package, in dollar figures, that has ever been paid to an employee? |
|------------------|---|

**Response:**

The largest severance package paid to an employee of IOOF Group is \$1,933,634.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |
|------------------|---|
| <b>IOOF135QW</b> | Rent for tenancies during COVID-19<br>a. Can you please advise what action you, or any entities you control, have taken to defer the payment of rent for tenancies for listed and/or unlisted assets owned by your fund during the COVID-19 pandemic?<br>b. To what dollar value has that reduced revenue to your fund since 1 February 2020? |
|------------------|---|

**Response:**

- a. In relation to the Property Plus Australian unlisted property portfolio that the IOOF vehicles invest in rent relief applications from tenants in the portfolio have been processed and relief has been provided as mutually agreed by the parties.

In relation to Australian and Global Real Estate Investment Trusts (REITs) IOOF does not control any REIT entities directly. Rental relief has been granted by the REIT sector, however agreements entered into by individual stock entities and their tenants are not available to IOOF.

- b. In relation to the Property Plus Australian unlisted property portfolio that the IOOF vehicles invest in, during the period from 1 April to 30 June 2020 the revenue reduction generated in association with the agreements was \$321,000 representing 3.5% of gross rental income for the period.

In relation to Australian and Global REITs, IOOF does not control any REIT entities directly. Rental relief has been granted by the REIT sector, however agreements entered into by individual stock entities and their tenants are not available to IOOF.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                  |  |
|------------------|--|
| <b>IOOF136QW</b> | Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:<br>a. Performance of funds.<br>b. Investment strategies for funds.<br>c. Conflicts of interest for funds. |
|------------------|--|

#### Response:

- a. Performance of funds. -
- On a quarterly basis, we commission Mercer Investments (Australia) Ltd (“Mercer”) to supply data and undertake analytics to support the assessment of all investment menu options for all entities in respect of investment performance versus benchmark and to identify performance outliers. This analysis is undertaken for all MIS investment options, related-party and otherwise. Mercer is also utilised to undertake scenario stress-testing for all menu options.
  - Zenith Investment Partners undertake an annual rating review, ratings reports are published by Zenith on each of the IOOF trusts.
  - Lonsec (a research house) undertakes an annual review process, reports are published on the Lonsec irate research portal.
  - Chant West – Up until 2017, Chant West researched and rated a range of IOOF MISs when they ceased research coverage of all trusts except for the IOOF Balanced Investor Trust for which coverage subsequently ceased in 2019.
  - Research houses undertake a range of sector reviews that assess performance investment process and the skills of the investment management teams.
- b. In addition to independent internal assessment of the appropriateness of investment strategy for the IOOF MySuper offer for its member cohort, in 2020 Rice Warner undertook bespoke independent analysis of the IOOF MySuper and its appropriateness for members, performance, costs, features and investment management.
- c. Ernst & Young: Independent Review of Conflict of Interest Management Culture and approach to Conflicts Management (14 September 2018) (this related to the broader IOOF group).

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |   |                                   |                   |                        |                    |
|------------------|---|-----------------------------------|-------------------|------------------------|--------------------|
| <b>IOOF137QW</b> | For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:   |                                   |                   |                        |                    |
|                  | a. The name of the fund.<br>b. The allocation of capital as a percentage of the total capital held by the fund.<br>c. The allocation of capital of the total capital held by the fund.<br>d. The entity managing the capital.<br>e. Whether you are a shareholder in that entity. |                                   |                   |                        |                    |
|                  | <b>Fund</b>   | <b>Allocation of fund capital</b> |                   | <b>Managing entity</b> | <b>Shareholder</b> |
|                  |   | <b>%</b>                          | <b>\$</b>         |                        |                    |
|                  | i.e. Hostplus infrastructure options  | i.e. 70%                          | i.e. \$10 billion | i.e. IFM Investors     | i.e. Yes           |

**Response:**

None.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**IOOF**

|                  |  |
|------------------|--|
| <b>IOOF138QW</b> | If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest. |
|------------------|--|

**Response:**

Not applicable.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### IOOF

|                  |   |
|------------------|---|
| <b>IOOF139QW</b> | Is the fund considering divestment from pure play fossil fuel producers in order to mitigate climate-related financial risks and to increase the cost of capital for those producers?<br>If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests? |
|------------------|---|

#### **Response:**

a. The decision to divest from fossil fuel producers is driven by the investment managers of the managed funds for whom we offer on our platform investment menu, not IOOF Investment Management Limited as the RSE Trustee for the IOOF Portfolio Superannuation Fund. The RSE Trustee's criteria for the approval of a managed fund does not include look-through to fossil fuel producing companies within an investment managers portfolio.

b. The RSE Trustee takes no active position as to the divestment of fossil fuel producing companies within its investment menu selection. The platform investment offering is structured to provide members with breadth of choice across a wide selection of investment options/funds and fund managers. As such, it does also provide members with a selection of ESG/SRI managed funds on the platform investment menu into which they may invest.

IOOF multi-manager investment management offering ensures ESG factors are considered by underlying investment managers in their investment decision-making processes in order to protect and manage investments for the long term. IOOF has developed core Responsible Investment Beliefs to provide focus and enhance decision making. They outline the framework for identifying and managing environmental, social and governance (ESG) impacts, risks and opportunities across the investment portfolios we operate.

As a general rule we favour risk assessment and engagement over divestment and believe that ESG issues can be an opportunity if properly understood and managed.

We encourage fund managers to demonstrate and report on their approach to evaluating carbon risk within their portfolios and to disclose the investment processes to support their views and improve disclosure of material climate change impacts.