

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

IOOF

IOOF140QW	Since 1 January 2020, for each fund, please outline: <ol style="list-style-type: none">a. The date and value at the highest valuation of the fund?b. The date and value at the lowest valuation of the fund?c. The number of business days between the highest and lowest valuation for the fund?d. The nominal value between the highest and lowest valuation for the fund?e. The percentage value between the highest and lowest valuation for the fund?f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?h. What volume of switching of investments occurred between funds between the highest and lowest valuations?i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations?j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations?k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations?l. What integrity measures were taken to prohibit trustees, executives and employees switching between funds from taking advantage of arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund?
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Answer:

IOOF offers a range of funds and a substantial number of investment options (300+) through ready-made, self-select, and MySuper options. Self-select options are typically combined so that the member experience may be unique depending on the investment options combined into a member's portfolio.

For ease of clarity and comparison we have included responses for the IOOF Balanced Investor Trust MySuper product. Information is provided for the period 01/01/2020 to 31/07/2020.

a. The date and value at the highest valuation of the fund.

MySuper Fund	Date	Balance
IOOF Balanced Investment Trust	20/02/2020	\$ 3,611,303,984

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- b. The date and value at the lowest valuation of the fund.

MySuper Fund	Date	Balance
IOOF Balanced Investor Trust	23/03/2020	\$ 2,912,582,813

Notes: The balance is calculated using the net asset value (NAV) price for the date multiplied by the unit holdings on the platform for that date.

- c. The number of business days between the highest and lowest valuation for the fund.

The number of business days between the highest and lowest valuation points for the MySuper option was 22 days.

- d. The nominal value between the highest and lowest valuation for the fund.
e. The percentage value between the highest and lowest valuation for the fund.

MySuper Fund	Nominal Value	Percentage Change
IOOF Balanced Investor Trust	\$ 698,721,171	-19.35%

Notes: The nominal value and percentage change shown above is simply the difference between the highest and lowest net asset value of the MySuper product. It is inclusive of market movement of assets, member flows and fees deducted.

- f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?

The ASX All ordinaries index lowest valuation during the period 01/01/2020 to 31/7/2020 (and now) was on the 23rd March when the index reached a low of 4,564. This is also the date of the lowest valuation for the MySuper product. as a result, there is no gap between these two dates.

- g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?

The date where IOOF Balanced Investor Trust held the lowest valuation of unlisted assets (which is mainly its exposure to the AM Property Plus Trust which owns direct property), was the 10th Jan 2020.

We have been advised that the subsequent increase in the value of this Trust was due to the recognition of an increase in valuation of a single property on 17th Feb 2020 due to an agreement being entered into to sell this property at a future date for a substantial increase over then current valuation. Valuations of this Trust are also impacted each quarter as distributions are paid out of AM Property Plus Trust in cash reducing the exposure of IOOF Balanced Investor Trust to this fund.

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- h. What volume of switching of investments occurred between funds between the highest and lowest valuations?

	Switch In	AMOUNT	Switch Out	AMOUNT	Total	Total AMOUNT
IOOF Balanced Investor Trust	17	\$ 123,941	306	\$ 19,501,470	323	\$ 19,625,410

- i. There were no switches during the period 20/02/2020 to 23/3/2020 by trustees of the fund that are also members of the MySuper option.
- j. There were no switches during the period 20/02/2020 to 23/3/2020 by IOOF executives that are also members of the MySuper option.
- k. What volume of switching between funds occurred during the period 20/02/2020 to 23/3/2020 by other employees of the fund that are also members of the fund, between the highest and lowest valuations?

	Switch In	AMOUNT	Switch Out	AMOUNT	Total	Total AMOUNT
IOOF Balanced Investor Trust	4	15,348.36	37	\$ 962,824.52	41	978,172.88

- l. Integrity measures
- The opportunity to switch between funds in order to take advantage or arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund is virtually non-existent.
 - The value of investments does not precisely reflect movements in the ASX depending on the composition of the investment option in which the member is invested;
 - Investment options are unit priced daily. The overwhelming majority of options are forward unit priced, meaning that the price at which transactions are processed is struck after the time at which a member requests a transaction (consequently there is no 'arbitrage gap').
 - IOOF has in place a Code of Conduct, a Policy regarding Personal Trading in IOOF Holdings Limited Securities, and a Personal Trading policy in order to manage transactions by staff.

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IOOF141QW	<p>On financial advisers providing non-intrafund advice (i.e. comprehensive advice - beyond the scope of intrafund advice) within the fund over the past five financial years:</p> <ol style="list-style-type: none">a. How many do you employ (or are you paying for through outsourced arrangements)?b. What is the revenue generated from these non-intrafund advisers?c. How many financial advisers within the fund also provide intrafund advice?d. If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?e. Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?f. Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?g. What is the total budgeted cost and actuals for financial advisers?h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?<ol style="list-style-type: none">i. What is the aggregated cost of their remuneration?ii. What is the aggregated cost for their employment?iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?iv. What is the aggregated cost for marketing their services?v. What is the aggregated cost for administrative support services?vi. What is the aggregated cost for professional insurance and indemnity?vii. What is the aggregated cost for compliance oversight?viii. What is the aggregated cost for legal oversight?ix. What is the aggregated cost for other regulatory oversight?x. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?
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Answer:

The fund does not provide non-intrafund financial advice (comprehensive advice - beyond the scope of intrafund advice) within the fund.

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IOOF142QW	<p>On financial advisers providing intrafund advice (i.e. strictly limited to advice on your super fund for the member only - not spouse) within your fund over the last five financial years:</p> <ol style="list-style-type: none">a. How many do you employ (or are you paying for through outsourced arrangements)?b. What is the remuneration level/range for the financial advisers employed to provide intrafund advice to your members?<ol style="list-style-type: none">i. What is the aggregated cost of their remuneration?ii. What is the aggregated cost for their employment?iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?iv. What is the aggregated cost for marketing their services?v. What is the aggregated cost for administrative support services?vi. What is the aggregated cost for professional insurance and indemnity?vii. What is the aggregated cost for compliance oversight?viii. What is the aggregated cost for legal oversight?ix. What is the aggregated cost for other regulatory oversight?x. What is the aggregated cost for the unit, including overheads, that provides intrafund advice?c. What is the revenue that intrafund advisers have generated?d. How many financial advisers providing intrafund advice also provide it within the fund?e. If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?f. Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?g. What is the total budgeted cost and actuals for the intrafund advice unit?h. What is the revenue generated from these financial advisers?i. Within your fund, is there any cross-subsidisation for intrafund advice services?
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Answer:

The fund does not provide intrafund advice (limited to member only advice on the super fund) within the definition of *Giving and collectively charging for intra-fund advice* in ASIC information sheet INFO 168.

For completeness it is noted that a related company (a member of the IOOF group) offers limited financial advice currently provided by a single adviser to members of the fund however the cost of the advice is not borne by all members of the fund.

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IOOF143QW	Do you allow members to use their funds to pay for: a. Financial advice? b. Internal financial advisers? c. External financial advisers?
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Answer:

- a. Yes
- b. Yes
- c. Yes

IOOF144QW	Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?
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Answer:

Yes