

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

IOOF16QON: Mr FALINSKI: Litigation funders operating in the Australian market at the moment have returns of 1,253 per cent. Are you investing in any of them?

Mr Mota: Not that I am aware of. I would need to check.

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Mr FALINSKI: Could you take that on notice. Have they considered litigation funders? If not, why not?

Answer: The IOOF Investment Division considers many different investment strategies on a daily basis – only a small proportion of which result in an actual investment. The Investment Division has met with litigation funders in the past but has not invested in them to date.

Investments in litigation funders have the attractive characteristic of being uncorrelated to any other investment. However, traditional litigation funding investments have a reasonably high degree of risk and the risk profile can be quite binary, i.e. large payouts or capital losses.

At the time, we did not consider the risk / return profile attractive enough to pursue an investment in litigation funders relative to other opportunities. However, as noted, our investment strategy is dynamic and we continue to review a wide array of investments.