

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

LUCRF Super

LUC77QW

Since 12 March 2020, has your fund provided any liquidity to:

- a. REST?**
- b. Hostplus?**
- c. any other superannuation fund?**

If so, for each fund, can you provide details of the amount, the date and the terms?

Answer:

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

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LUCRF Super

LUC78QW

Since 12 March 2020, has your fund loaned any cash to:

- a. REST?**
- b. Hostplus?**
- c. any other superannuation fund?**

If so, for each fund, can you provide details of the amount, the date and the terms?

Answer:

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

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LUCRF Super

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If you are an investor in ME Bank, have you individually (or in collaboration with other funds), ever commissioned reports into its valuation in the past decade?

- a. And if so, how many reports and in what year?**
- b. Were any commissioned to be completed by the UK-based group, LEK?**
- c. And please provide copies.**

Answer:

LUCRF Super is an investor in ME Bank. It owns 168,379 shares in the entity, or 1.52% of shares on issue.

LUCRF Super has individually commissioned reports into the valuation of ME Bank in the past decade. The details of these reports are confidential and commercially sensitive.

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According to reports in the *Australian Financial Review* superannuation fund, Hostplus, redefined the definition of 'illiquid assets' ('Hostplus warned of liquidity "perfect storm"', *Australian Financial Review*, 18 May 2020). Therefore, can you please advise:

- a. How you define 'illiquid assets' within your fund, including details of holdings and timeframes?
- b. How you define 'liquid assets' within your fund, including details of holdings and timeframes?
- c. How long each of these definitions have been used?
- d. What prompted any switch to these definitions?
- e. What the prior definitions were before any switch?

Answer:

- a) Illiquid assets are defined as assets that cannot be redeemed within 30 days under normal market conditions.
- b) Liquid assets are therefore assets that can be redeemed within 30 days under normal market conditions.
- c) These definitions have been used since at least 10 August 2012 when the Fund first drafted a Liquidity Policy for investment purposes. The Fund has not used any other definition.
- d) Not applicable.
- e) Not applicable.

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Have you completed a skills audit in the past five years of the following:

- a. Your board of directors?**
- b. Your investment committee?**
- c. And if not, why not?**
- d. And if so, presently what gaps are identified?**

Answer:

a) Yes. LUCRF undertakes a skills audit of the Board on an annual basis. The most recent skills audit was conducted in March 2020.

b) As the investment committee is a board sub-committee (with one non-board investment consultant), a skills audit was undertaken of the investment committee, including the non-board investment consultant, as part of the broader board skills audit referred to in (a) above.

c) Not applicable.

d) No gaps in the skills of the directors were identified during the skills audit.

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Prior to appointment, have employees fulfilling fiduciary roles had their investment performance track record assessed before fees?

- a. And if not, why not?**
- b. And if not prior to appointment, have they following appointment?**
- c. And if so, on what timeframe?**

Answer:

As part of its recruitment processes, LUCRF undertakes appropriate due diligence of prospective employees.

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LUC85QW Can you please provide data to complete this table for your unlisted asset holdings based on their geographic spread:

Answer: Please see the following table.

Country	Share of fund asset value, 31 March 2020		Share of fund income, 12 months to 31 March 2020
	\$	%	\$
North America (inc USA)	70,379,469	1.1%	-
- United States specifically	70,379,469	1.1%	-
South America	-	-	-
Asia (inc China)	-	-	-
- China specifically	-	-	-
Africa	-	-	-
Europe (not inc UK)	19,117,495	0.3%	2,094,834
Europe (inc UK)	32,398,715	0.5%	5,953,369
- United Kingdom specifically	13,281,219	0.2%	3,858,535
Australasia (inc Aus)	745,786,448	11.9%	43,901,723
- Australia specifically	730,812,649	11.6%	43,334,014

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Please provide a copy of your Constitution.

Answer:

LUCRF's Constitution can be accessed at:
https://lucrf.com.au/sites/lucrf.com.au/files/publications/compliance/Constitution_of_LUCRF_20_02_06.pdf

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Please provide details, including the event name, organising entity, ticket price and attendee(s) for the past decade of the tickets purchased for events and/or fundraisers for political parties or related entities, individual MPs and individual candidates for political office or the associated fundraising entities of political parties, individual MPs and individual candidates for political office.

Answer:

LUCRF purchased tickets to one relevant event, the details of which were disclosed to the Australian Electoral Commission pursuant to the *Commonwealth Electoral Act 1918* (Cth).

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Do you currently have an art collection?

- a. If so, can you advise its current valuation?**
- b. If so, can you advise where it is stored and/or exhibited?**

Answer:

No.

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LUC89QW

Do you engage proxy advisers?

- a. What are the terms of engagement for proxy advisers?
- b. To what extent are they empowered to act on behalf of the entity?
- c. Does their advice get provided to the board?
- d. How often is advice submitted to the board?
- e. Is their advice formally adopted by the board?
- f. Are their positions publicly stated?
- g. How does the board assess these positions concurrent with their duties as trustees and the sole purpose test?

Answer:

LUCRF engages proxy advisors to provide research and voting recommendations in respect of listed companies. The proxy advisors' recommendations form part of various inputs used by LUCRF to make voting decisions. LUCRF reserves the right to direct votes on all matters and will instruct the voting service providers accordingly.

For details of LUCRF's engagement of proxy advisors, please refer to LUCRF's Environmental, Social and Corporate Governance Issue Policy (**ESG Policy**), a copy of which is available on LUCRF's website: which is accessible at https://lucrf.com.au/sites/lucrf.com.au/files/images/content/IG_P4_ESG_Policy_2019.pdf. The Board approves the ESG Policy.

Under LUCRF's ESG Policy, the Board has delegated the proxy-voting process to the Chief Investment Officer. The Investment Committee (a formal sub-committee of the Board) receives reports on proxy voting activity on a half-yearly basis.

LUCRF engages the Australian Council of Superannuation Investors (**ACSI**) as a proxy advisor. ACSI's policy positions are publicly available on its website: <https://acsi.org.au/publications/governance-guidelines/>.

LUCRF Super also engages CGI-Glass Lewis as a proxy advisor. CGI Glass Lewis' policy positions for each market are available on its website <https://www.glasslewis.com/guidelines/>.

LUCRF Super's voting record is available on LUCRF's website: <https://lucrf.com.au/investments/sustainable-investment/proxy-voting-disclosure>.

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LUC90QW

Are you currently, or have you previously been, a member or subscriber of the ACTU Members Connect Program?

- a. If so, what is the timeframe of your membership?**
- b. What has been the annual fee year-on-year?**
- c. How have you assessed its value to your members?**

Answer:

No.