

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC91QW**

**Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:**

- a. Performance of funds.**
- b. Investment strategies for funds.**
- c. Conflicts of interest for funds.**

**Answer:**

LUCRF Super only manages one fund for all members. All investment choice options draw from the collective investments of the Fund. As part of LUCRF's retainer with its asset consultant, reports for LUCRF are regularly commissioned by the asset consultant and are typically tabled to the Investment Committee. Those reports are commercial in confidence.

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**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.**
- b. The allocation of capital as a percentage of the total capital held by the fund.**
- c. The allocation of capital of the total capital held by the fund.**
- d. The entity managing the capital.**
- e. Whether you are a shareholder in that entity.**

| Fund                                 | Allocation of fund capital |                   | Managing entity    | Shareholder |
|--------------------------------------|----------------------------|-------------------|--------------------|-------------|
|                                      | %                          | \$                |                    |             |
| i.e. Hostplus infrastructure options | i.e. 70%                   | i.e. \$10 billion | i.e. IFM Investors | i.e. Yes    |

**Answer:**

LUCRF Super only manages one fund for all members. All investment choice options draw from the collective investments of the Fund. There is no investment manager that manages more than 30% of capital held by LUCRF.

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**If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.**

**Answer:**

LUCRF invests with a number of investment managers in whom LUCRF holds shares, or in whose parent company LUCRF holds shares (noted in parentheses where relevant), such as AMP Ltd, Franklin Resources Inc (Franklin Templeton Investments), GPT Group, Industry Super Holdings (IFM Investors), Lend Lease Group, Macquarie Bank (Macquarie Investment Management), Magellan Financial Group (Airlie Funds Management), Mitsubishi UFJ Financial Group (First Sentier Investors), Morgan Stanley (North Haven Infrastructure Partners), The Northern Trust Company (Northern Trust Asset Management), and Schroders PLC.

Under LUCRF's Conflicts Management Policy (**Policy**), LUCRF has no associate party investment managers, adopting the definition of "associate provider" provided in the *Superannuation Industry (Supervision) Act 1993* (Cth) s 12, Prudential Standard SPS 231 *Outsourcing*, and the *Corporations Act 2001* (Cth) s 50AAA. The Trustee has determined that it must hold above a threshold amount in the entity for it to amount to a relevant interest for the purpose of enacting the Policy. The threshold amount is 5%. LUCRF's shareholding in each entity (or parent entity) related to those investment managers is less than 5% of that entity's shares on issue.

If an investment manager was deemed to be an "associate provider", LUCRF's Policy would be enacted.

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**Please provide details of the following reduction to remuneration packages since 11 March 2020:**

- a. Board members.**
- b. The chief executive.**
- c. Executive management.**

**Answer:**

LUCRF Super regularly reviews remuneration across the organisation and provides relevant annual disclosures in the *Director & Executive Information Report*. The 2019/20 *Director & Executive Information Report* will be published before 1 November 2020 and will document any changes to remuneration.

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**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?**

**If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?**

**Answer:**

Rather than focusing on divestment, LUCRF Super seeks to improve company behaviour through engaging with bodies like the Australian Council of Superannuation Investors and incorporating environmental, social and governance principles into its investment decision-making process.