

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Sunsuper

**SS13QW:** Have you prepared or commissioned any reports focussed on benchmarking the performance of underlying assets to which members are exposed (net of all fees and costs) against relevant asset class returns?

**Answer:**

Sunsuper makes investment decisions at asset allocation, portfolio construction and asset/manager level. Sunsuper's asset consultant (Jana) provides advice and independent analysis to support the asset allocation decision making process.

Asset allocation decisions are made through the Strategic Asset Allocation (SAA) process which is designed to achieve the return and risk objectives for each option. Jana provides an independent analysis against relevant benchmarks in the determining of the SAA.

Exposure to investment assets is achieved through various mechanisms and structures. These portfolio construction and asset/manager selection decisions are made in accordance with the SAA to meet asset class return and risk objectives.

Sunsuper prepares and commissions a range of regular performance reports to measure the impact of these investment decisions, with performance measured and compared with relevant benchmarks at the investment option, asset class and individual investment level.

#### Asset class investments

- Investments in Fixed Income, Cash and Listed Shares are generally made via external managers under Investment Management Agreements (IMAs). The performance of each manager's portfolio is measured and monitored relative to an appropriate asset class benchmark.
- Many investments in Property, Infrastructure, Private Equity and other alternatives are made via funds, which are either unit trusts or limited partnerships. The performance of each fund is measured and monitored relative to an appropriate asset class benchmark.
- In some cases, investments in Property, Infrastructure, Private Equity and other alternatives are direct/co-investments where the Sunsuper investment team makes the investment decision at the individual asset level. The performance of the specific asset is measured and monitored relative to an appropriate benchmark.

#### Key performance reports prepared by Sunsuper

Sunsuper publishes monthly performance reports detailing the performance of each investment option for accumulation, transition to retirement and account-based pension products. This net performance is after all fees, costs and taxes are applied and (since benchmarks are usually quoted on a pre-tax basis) comparative peer-relative (after tax) benchmarks are used to illustrate performance.

The most recent monthly reports are available at:

<https://www.sunsuper.com.au/members/investments/investment-reports>

For each of Sunsuper's diversified options, a multi-asset performance attribution is prepared quarterly which outlines the contribution of each investment decision made to overall performance.

This report reconciles asset class returns to investment option returns, measuring the impacts of asset allocation and investment selection as well as the impacts of taxes, fees and costs to illustrate the drivers of performance.

At the asset class level, performance reports for each asset class are provided by specialist asset class investment consultants. These reports detail an independent analysis of asset class performance relative to an appropriate asset class benchmark. This analysis is performed at investment level reflecting on manager performance, fund performance or asset performance as defined above.

Annual asset class reviews are undertaken that detail performance attribution for the asset class, assessing the impact of the individual investments within each asset class and their contribution to performance.