

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 335

Topic: Frozen Funds #2

Hansard Page: Written

Senator EGGLESTON asked:

How many investors have had their funds frozen as a result of the total freezing of Trio Capital funds? How much are these funds worth?

Answer:

As super fund trustee, Trio Capital Limited (Trio) operated 5 super funds worth \$300 million and with 10,000 investors. Trio invested the superfund money it was entrusted in various proportions among the 17 active managed investment schemes Trio operated (as responsible entity). Trio's managed investment schemes were also available to non-super fund investments, and around \$126m from around 700 investors was contributed among Trio's various managed investment schemes.

The Astarra Strategic fund (ASF) is a fund of hedge funds operated by Trio as RE whose assets were managed by the related Astarra Asset Management Pty Ltd. The scheme assets consist of a number of investments in what are claimed to be foreign hedge funds. The assets of ASF and their value remain unverified but were said to be worth \$118m in ASF's financial accounts for the period up to 30 June 2009. The ASF was invested in directly by the super funds Trio operated, and various other managed investment schemes operated by Trio had cross investments in the scheme. The ASF also has approximately 500 non APRA regulated super fund members (which includes direct investors and SMSFs).

ASIC has not frozen the funds but initially new funds were halted when several PDS stop orders were issued in October 2009. Notices to freeze assets had been obtained over the assets of superannuation assets but these have since lapsed.

On 16 December 2009 APRA appointed an acting trustee, ACT Super Management Pty Limited. On the same date Trio appointed voluntary administrators - PPB.

On 17 December 2009, ASIC suspended Trio's AFS licence. As part of the suspension, ASIC permitted PPB to continue to operate the Trio schemes until 17 June 2010, extended to 17 August 2010 to hold member meetings. Trio has recently applied to have the licence conditions extended for a further two months. ASIC also permitted 2 subsidiaries of Trio to continue providing superannuation administrations services (under the control of PPB).