

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Fiducian Super

#### FID120QON:

**CHAIR:** Sorry, my apologies. There was a pause there on the video conference. In terms of your most senior investment manager—what's their title?

**Mr Vaughan:** Chief investment officer.

**CHAIR:** What were they paid in bonuses in the last financial year?

**Mr Vaughan:** I'm unable to answer that question at this point. I don't have that information. I'm happy to take that on notice and come back to you. But, unlike the Fiducian Group, they are not paid by the superannuation trustee. **CHAIR:** Would a bonus in the vicinity of half a million dollars—and I'm making that figure up—be considered acceptable within the Fiducian Group?

**Mr Vaughan:** I would say that our practice has not been to have bonuses of that level. But I won't comment specifically about Fiducian Group; I'm here in my capacity as trustee of the superannuation fund.

**CHAIR:** I understand. But you could at least put that question to them and provide that information to us on notice.

**Mr Vaughan:** We'd be happy to provide that information.

**CHAIR:** That would be helpful.

#### Answer:

FSS does not have any employees. Salaries and bonuses, if any, of employees of our outsource providers are paid by those providers. This includes the salary and bonus of the Executive Chairman, Fiducian Investment Management Services (effectively the Chief Investment Officer). No monies are paid from the fund to cover these amounts.

As the payments to the Chief Investment Officer are confidentially treated under an employer /employee relationship, the Trustee has no knowledge of the level of such remuneration and nor would it expect to do so for any employee of our outsource partners.

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#### FID121QON:

**Dr MULINO:** That's just to put things in context for me and to start feeding data in to assess some of the chair's interests. Going back to performance, obviously it is an absolutely key issue for members over the long run. Like the chair, I looked at your annual report. You have done well across just about every benchmark over the short term but also over longer periods. Congrats. I notice that you talked about 21 per cent over the last year. Apologies if you have already indicated to the chair that you would provide this, but it would be great if you could provide the number, net of all fees, just to make it directly comparable to others who have given evidence today. It will obviously be a good number regardless.

**Mr Vaughan:** Based on APRA statistics the operating expense ratio for the superannuation fund is 0.85 per cent. That gives you an idea of the adjustment that might be made against the 21.4 per cent return for the 12 months to 30 June.

#### Answer

Fiducian Superannuation Fund (FSS) is a wrap-style superannuation fund where each member's tax liability is calculated separately based on the member's individual circumstances (e.g. income, expenses, insurance premium, contributions, franking credits, brought forward capital losses, holding periods, buy or sell transactions made by member during the period etc.). As a result, after-tax returns for members could vary for each individual member.

Having said that, we have provided an estimated one-year after tax return for the Fiducian Balanced fund for FY 20-21 as below based on available fund level information at the time – the actual after-tax return for members in the fund could be slightly different.

Before tax return: 21.8%p.a

After tax return for superannuation fund members : 19.8%p.a.

After tax return for pension members: 22.1%p.a.

We further note that the returns for Pension fund includes estimated franking credits in addition to the income and growth returns from the fund

The cost of administration services of approximately 0.85% of the account balance is also to be deducted from member accounts.

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**Fiducian Super**

**FID122QW:**

Do you support superannuation funds delisting public companies?

**Answer**

We do not have a view on other superannuation fund practices in this regard. Rather our policy is to not vote on any issues related to our shareholding in a particular company.

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**FID123QW:**

Property investments

- a. Do you have any current investments in the National Housing Finance and Investment Corporation? If so, what is the size of your investments?
- b. Please provide information on the rental income for any residential property investments held for each year for the last five financial years

**Answer**

- a. We do not have any investments in the National Housing Finance and Investment Corporation
- b. Not applicable

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**Fiducian Super**

**FID124QW:**

What arrangements, including donations, commissions, marketing expenditure or partnerships, do you have that lead to payments to research organisations or 'think tanks'?

Please provide:

- a. Names of the think tanks.
- b. Payments made over the last five years

**Answer**

- a. We do not and never have made donations to these organisations.
- b. Not applicable