

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

#### Directory

In these responses the following references/approaches apply:

- **IOOF Corporate** means IOOF Holdings Limited (ASX: IFL) and related entities.
- **OnePath** means OnePath Custodians Pty Limited as RSE licensee for the Retirement Portfolio Service (**Fund**).
- The Fund offers several investment option combinations. Where performance information is provided, performance applies to the ANZ Smart Choice Super Lifestage Investment option (**MySuper**) unless otherwise indicated.

#### Questions in writing

<b>OP91QW</b>	How much money do you expect to be withdrawn from your fund as a result of the government's early access scheme for members affected by COVID-19?
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#### Response:

It is expected approximately \$1.0 billion may be withdrawn from OnePath as a result of the government's early access scheme for members affected by COVID-19 to payments made over 150,000 members. The calculation is based on round 1 withdrawals of \$573 million affecting over 79,000 members.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

<b>OP92QW</b>	Please provide a list of all investment schemes across your fund(s) that have had their redemptions frozen since January 2008, and for each: a. What was the total value of funds frozen? b. How many of your members were impacted by these frozen funds, and how? c. The date on which the freeze was implemented and lifted. d. A copy of the clause trustees relied on to enact that freeze.
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#### Response:

List of Investment Schemes that have had their redemptions frozen since January 2008:

- OnePath Mortgage Funds
- OnePath Income Plus Fund
- Challenger Howard Mortgages Fund
- AXA Australian Property Fund
- AMP Capital Enhanced Yield Fund
- Absolute Capital Yield Strategies Fund
- AMP Capital Australian Income
- AMP Capital Enhanced Yield Fund - Class A Units
- AMP Capital Wholesale Australian Income
- AMP Capital Wholesale Australian Monthly Income
- APN Property for Income Fund
- APN Property for Income Fund No. 2
- AXA Wholesale Australian Property
- Basis Aust-Rim Opportunity Fund
- Basis Yield Fund
- BlackRock Combined Property Income Fund
- BT Global Return Fund
- Challenger Howard Wholesale Mortgage Fund
- Challenger Wholesale Hybrid Property Fund
- Colonial Bricks & Mortar Fund
- Colonial First State Wholesale Income Fund
- Perpetual's Wholesale Monthly Income Fund

For sub-questions a., b. & c. refer to Attachment **OP92QW**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

**Response to question OP92QW continued**

**Sub-question d:**

The Trustee did not rely on a clause contained in the Trust Deed. The Trustee sought and was granted limited relief from the applicable SIS regulation in circumstances where particular investment options had become illiquid. The request for relief was considered on a case-by-case basis and specific criteria were required to be satisfied for relief to be granted.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

#### ATTACHMENT OP92QW

#### Response to sub-questions a & b.

##### *OnePath Mortgage Funds and OnePath Income Plus Funds*

These Funds were offered through a range of OnePath products. They were suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 44,493 investors;
- approximately \$2.08 billion invested;
- approximately 18% of those invested are pensioners.
- 18% are superannuants in the accumulation phase; and
- 64% are traditional non-super investors.

##### *Challenger Howard Mortgages Fund*

This fund was offered through OneAnswer. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 6,596 investors;
- approximately \$302 million invested;
- approximately 51% of those invested are pensioners.
- 25% are superannuants in the accumulation phase; and
- 24% are traditional non-super investors.

##### *AXA Australian Property Fund*

This fund was offered through OneAnswer. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 9,000 investors;
- approximately \$205 million invested
- over 44% of those invested are pensioners.
- 25% are superannuants in the accumulation phase; and
- 31% are traditional non-super investors.

##### *AMP Capital Enhanced Yield Fund*

This fund was offered through OneAnswer. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 7,250 investors;
- approximately \$220 million invested;
- approximately 50% of those invested are pensioners;

- 31% are superannuants in the accumulation phase; and
- 19% are traditional non-super investors.

#### *Absolute Capital Yield Strategies Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 84 investors;
- approximately \$3.34 million invested;
- approximately 43% of those invested are pensioners;
- 26% are superannuants in the accumulation phase; and
- 31% are traditional non-super investors.

#### *AMP Capital Australian Income*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 89 investors;
- approximately \$1.23 million invested;
- approximately 37% of those invested are pensioners;
- 26% are superannuants in the accumulation phase; and
- 37% are traditional non-super investors.

#### *AMP Capital Enhanced Yield Fund - Class A Units*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- Approximately 483 investors;
- approximately \$13.63 million invested;
- approximately 48% of those invested are pensioners;
- 27% are superannuants in the accumulation phase; and
- 25% are traditional non-super investors.

#### *AMP Capital Wholesale Australian Income*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 389 investors;
- approximately \$7.42 million invested;
- approximately 41% of those invested are pensioners;
- 26% are superannuants in the accumulation phase; and
- 33% are traditional non-super investors.

### *AMP Capital Wholesale Australian Monthly Income*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 237 investors;
- approximately \$7.57 million invested;
- approximately 51% of those invested are pensioners;
- 23% are superannuants in the accumulation phase; and
- 26% are traditional non-super investors.

### *APN Property for Income Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions and was re-opened for application on 1 July 2014. Impacted members are noted below:

- approximately 7 investors;
- approximately \$46K invested;
- approximately 57% of those invested are pensioners;
- 14% are superannuants in the accumulation phase; and
- 29% are traditional non-super investors.

### *APN Property for Income Fund No.2*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions, however, re-opened for application on 1 July 2014. Impacted members are noted below:

- approximately 11 investors;
- approximately \$152K invested;
- approximately 63% of those invested are pensioners;
- 9% are superannuants in the accumulation phase; and
- 28% are traditional non-super investors.

### *AXA Wholesale Australian Property Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions, however, is now re-opened for application on 1 July 2012. Impacted members are noted below:

- approximately 217 investors;
- approximately \$4.98 million invested;
- approximately 43% of those invested are pensioners;
- 27% are superannuants in the accumulation phase; and
- 30% are traditional non-super investors.

### *Basis Aust-Rim Opportunity Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 5 investors;
- approximately \$165K invested;
- approximately 40% of those invested are pensioners;
- 20% are superannuants in the accumulation phase; and
- 40% are traditional non-super investors.

#### *Basis Yield Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 130 investors;
- approximately \$4.45 million invested;
- approximately 36% of those invested are pensioners;
- 32% are superannuants in the accumulation phase; and
- 32% are traditional non-super investors.

#### *BlackRock Combined Property Income Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 76 investors;
- approximately \$1.77 million invested;
- approximately 42% of those invested are pensioners;
- 26% are superannuants in the accumulation phase; and
- 32% are traditional non-super investors.

#### *BT Global Return Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 27 investors;
- approximately \$801K invested;
- approximately 22% of those invested are pensioners;
- 26% are superannuants in the accumulation phase; and
- 52% are traditional non-super investors.

#### *Challenger Howard Wholesale Mortgage Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 176 investors;
- approximately \$7.56 million invested;
- approximately 44% of those invested are pensioners;
- 24% are superannuants in the accumulation phase; and
- 32% are traditional non-super investors.

### *Challenger Wholesale Hybrid Property Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 25 investors;
- approximately \$654K invested;
- approximately 28% of those invested are pensioners;
- 32% are superannuants in the accumulation phase; and
- 40% are traditional non-super investors.

### *Colonial Bricks & Mortar Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 77 investors;
- approximately \$1.54 million invested;
- approximately 39% of those invested are pensioners;
- 19% are superannuants in the accumulation phase; and
- 42% are traditional non-super investors.

### *Colonial First State Wholesale Income Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 46 investors;
- approximately \$1.42 million invested;
- approximately 52% of those invested are pensioners;
- 24% are superannuants in the accumulation phase; and
- 24% are traditional non-super investors.

### *Perpetual's Wholesale Monthly Income Fund*

This fund was offered through PortfolioOne. It was suspended in terms of applications and redemptions. Impacted members are noted below:

- approximately 595 investors;
- approximately \$18.57 million invested;
- approximately 43% of those invested are pensioners;
- 30% are superannuants in the accumulation phase; and
- 27% are traditional non-super investors.



### **Response to sub-question c.**

#### *All OnePath Mortgages and Income Plus funds*

- Suspension was implemented on 24 October 2008
- Termination of the Funds commenced on 11 September 2015. Superannuation members received proceeds at this time. Investment clients received a final capital payment however accounts could not be closed due to litigation matters in train. Investment clients finally had accounts closed from August 2019.

#### *Challenger Howard Mortgages Fund*

- Suspension was implemented 21 October 2008
- Termination on 27 November 2014

#### *AXA Australian Property Fund*

- Suspension was implemented 19 August 2008
- Terminated in February 2013.

#### *AMP Capital Enhanced Yield Fund*

- Suspension was implemented October 2008
- Terminated completed by September 2015

#### *Absolute Capital Yield Strategies Fund*

- Suspension was implemented 6 August 2007
- Termination completed by September 2012

#### *AMP Capital Australian Income*

- Suspension was implemented 23 October 2008
- Termination completed by November 2016

#### *AMP Capital Enhanced Yield Fund - Class A Units*

- Suspension was implemented 13 October 2008
- Termination completed by June 2015

#### *AMP Capital Wholesale Australian Income*

- Suspension was implemented 23 October 2008
- Termination completed by November 2016

#### *AMP Capital Wholesale Australian Monthly Income*

- Suspension was implemented 23 October 2008
- Termination completed by November 2016

#### *APN Property for Income Fund*

- Suspension was implemented 27 October 2008
- Date suspension was lifted was 1 July 2014

*APN Property for Income Fund No. 2*

- Suspension was implemented 27 October 2008
- Date suspension was lifted was 1 July 2014

*AXA Wholesale Australian Property Fund*

- Suspension was implemented 19 August 2008
- Date suspension was lifted was 1 July 2012

*Basis Aust-Rim Opportunity Fund*

- Suspension was implemented 16 July 2007
- Termination completed by June 2012

*Basis Yield Fund*

- Suspension was implemented 16 July 2007
- Termination completed by June 2012

*BlackRock Combined Property Income Fund*

- Suspension was implemented 28 August 2008
- Termination completed by December 2011

*BT Global Return Fund*

- Suspension was implemented 19 December 2008
- Termination completed by April 2013

*Challenger Howard Wholesale Mortgage Fund*

- Suspension was implemented 22 October 2008
- Termination completed by October 2014

*Challenger Wholesale Hybrid Property Fund*

- Suspension was implemented 21 August 2008
- Termination completed by October 2014

*Colonial Bricks & Mortar Fund*

- Suspension was implemented 1 October 2008
- Termination completed by October 2013

*Colonial First State Wholesale Income Fund*

- Suspension was implemented 24 October 2008
- Termination completed by August 2016

*Perpetual's Wholesale Monthly Income Fund*

- Suspension was implemented 23 October 2008
- Termination completed by June 2016

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

**OnePath**

<b>OP93QW</b>	Are you, or any entities you control, planning to freeze any managed investment schemes associated with your fund or fund platform business?
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**Response:**

No

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP94QW</b>	Since 1 January 2020, have you, or any entities you control: a. Suspended any successor fund transfers? b. Had any funds involved in impending merger activity frozen by investment managers?
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**Response:**

- a. No successor fund transfers have been suspended.
- b. No funds have been involved in impending merger activity frozen by investment managers.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP95QW</b>	Mortgage trusts a. Do you, or any entities that you control, have mortgage trusts on your platform? b. Will you need to freeze redemptions on these due to leverage?
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**Response:**

There are no Mortgage Trusts offered by the Fund.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP96QW</b>	Property trusts and assets a. Do you, or any entities you control, have listed property trusts on your platform? b. How have these performed in comparison to direct unlisted property assets owned by your fund between 1 January 2020 and 20 April 2020?
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**Response:**

Yes.

Please refer to Attachments

**OP96QW\_1**

**OP96QW\_2**

**OP96QW\_3**

**OP96QW\_4**

The attachment provides details of performance of property funds on Smart Choice and OnePath Heritage P&I platforms for the periods 1 Jan 2020 – 20 April 2020 and 21 April 2020 – 30 June 2020.

Unlisted and direct property funds (appearing under heading - Australia OE Unlisted and Direct Property) performed significantly better (declined less) than funds invested only in listed property securities during the initial period. However, the listed property security fund category has seen a strong performance rebound over the period 21 April 2020 – 30 June 2020, whereas the unlisted and direct property fund category has continued to decline over this period.

**OA\_ESpropertyfunds**

**Currency: Base Currency**

**Grouped by: Morningstar Category**

**Calculated on: 10/07/2020 8:08:50 AM**

**Exported on: 10/07/2020 8:18:55 AM**

Group/Investment	Ticker	APIR Code	1/01/2020		21/04/2020	
			20/04/2020	Morningstar category quartile	30/06/2020	Morningstar category quartile
<b>Australia OE Equity Global Real Estate</b>						
OnePath OA FR IP-OP Glb Prpty Secs Idx	18531	MMF1509AU	-27.18	4	6.66	1
<b>Australia OE Equity Australia Real Estate</b>						
OnePath OA FR IP-OP Property Securities	18535	MMF1520AU	-34.11	4	8.23	2
OnePath OA IP-Optimix Property Sec EF	10295	MMF0564AU	-31.35	4	7.60	4
OnePath OA IP-SG Hiscock Property-EF/Sel	10282	MMF0550AU	-34.38	4	8.11	2
OnePath OA IP-Vangard Prp Sec Index EF	13044	MMF0897AU	-27.30	3	8.02	2

**Smart Choice propertyfunds**

Currency: Base Currency

Grouped by: Morningstar Category

Calculated on: 10/07/2020 8:08:50 AM

Exported on: 10/07/2020 8:18:55 AM

Group/Investment	Ticker	APIR Code	1/01/2020 20/04/2020		21/04/2020 30/06/2020		
			Return (Cumulative)	Morningstar category quartile	Return (Cumulative)	Morningstar category quartile	
<b>Australia Pension Equity Global Real Estate</b>							
ANZ Smart Choice Pension Global Property	41609	MMF2099AU	-27.89	4	6.72	1	
<b>Australia Superannuation Equity Global Real Estate</b>							
ANZ Smart Choice Super Global Property	41624	MMF2089AU	-25.11	4	5.94	1	



**GWpropertyfunds****Currency: Base Currency****Grouped by: Morningstar Category****Calculated on: 10/07/2020 8:08:47 AM****Exported on: 10/07/2020 8:17:33 AM**

Group/Investment	Ticker	APIR Code	1/01/2020 20/04/2020		21/04/2020 30/06/2020	
			Return (Cumulative)	Morningstar category quartile	Return (Cumulative)	Morningstar category quartile
<b>Australia OE Equity Australia Real Estate</b>						
APN AREIT	17006	APN0008AU	-30.62	4	7.46	4
OnePath WS-Property Securities Trust	3202	AJF0803AU	-34.13	4	8.25	1
Pendal Property Investment	2727	RFA0817AU	-22.83	1	7.79	3
Vanguard Australian Property Secs Idx	4744	VAN0004AU	-27.02	2	8.33	1
Zurich Investments Aus Property Secs	5396	ZUR0064AU	-29.13	3	7.66	3
<b>Australia OE Equity Global Real Estate</b>						
Dimensional Global Real Estate Trust	15778	DFA0005AU	-16.17	1	0.14	4
Ironbark Global (ex-Aus) Property Secs	12113	MGL0010AU	-23.56	3	4.25	3
Quay Global Real Estate-Daily Series	41112	BFL0020AU	-13.77	1	-1.19	4
Resolution Capital Global Property Secs	16747	WHT0015AU	-19.21	1	4.18	3
UBS Clarion Global Property SecuritiesFd	14291	HML0016AU	-23.74	3	7.27	1
Vanguard International Property Secs Idx	13426	VAN0018AU	-19.32	1	0.05	4
Vanguard International Prpty Secs IdxHdg	13427	VAN0019AU	-27.11	4	6.76	1

**P1Propertyfunds****Currency: Base Currency****Grouped by: Morningstar Category****Calculated on: 10/07/2020 8:18:56 AM****Exported on: 10/07/2020 8:19:49 AM**

			<b>1/01/ 20/04,</b>
Group/Investment	Ticker	APIR Code	Return (Cumulative)
<b>Australia OE Equity Global Real Estate</b>			
AMP Capital Global Property Securities A	12353	AMP0974AU	-22.90
Dimensional Global Real Estate Trust	15778	DFA0005AU	-16.17
Ironbark Global (ex-Aus) Property Secs	12113	MGL0010AU	-23.56
Ironbark Global Property Securities	12114	MGL0011AU	-23.26
Presima Global Property Sec Concentrated	40007	PPL0026AU	-26.39
Quay Global Real Estate-Daily Series	41112	BFL0020AU	-13.77
Resolution Capital Global Property Secs	16747	WHT0015AU	-19.21
UBS Clarion Global Property SecuritiesFd	14291	HML0016AU	-23.74
Vanguard International Prpty Secs IdxHdg	13427	VAN0019AU	-27.11
<b>Australia OE Equity Australia Real Estate</b>			
AMP Capital Listed Property Trusts A	4736	AMP0255AU	-22.50
APN Property for Income	5072	APN0001AU	-26.65
CFS Wholesale Indexed Property Sec	7005	CMI0105AU	-27.08
CFS Wholesale Property Securities	3482	FSF0004AU	-24.60
Legg Mason Martin Currie Property Secs A	5466	SSB0128AU	-29.50
Macquarie Master Property Securities	3983	MAQ0063AU	-27.03
MLC Wholesale Property Securities	4778	MLC0263AU	-24.84
Optimix WS-Property Securities B	6711	LEF0101AU	-31.07
Pendal Property Securities	4726	BTA0061AU	-22.86
SG Hiscock Property	3220	CRS0007AU	-34.23
SG Hiscock Property Opportunities	3283	HBC0008AU	-34.00
Vanguard Australian Property Secs Idx	4744	VAN0004AU	-27.02
Zurich Investments Aus Property Secs	5396	ZUR0064AU	-29.13
<b>Australia OE Unlisted and Direct Property</b>			
AMP Capital W Australian Property	1144	NML0001AU	-2.43

<b>2020</b>	<b>21/04/2020</b>	
<b>/2020</b>	<b>30/06/2020</b>	
Morningstar category quartile	Return (Cumulative)	Morningstar category quartile

2	5.03	2
1	0.14	4
3	4.25	3
3	4.31	3
4	5.65	2
1	-1.19	4
1	4.18	3
3	7.27	1
4	6.76	1

1	8.28	1
2	7.28	4
3	7.92	3
1	8.16	2
3	9.97	1
2	7.93	2
2	7.28	4
4	7.92	3
1	7.80	3
4	8.40	1
4	8.07	2
2	8.33	1
3	7.66	3

4	-3.02	4
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SUPERANNUATION SECTOR**

**OnePath**

<b>OP97QW</b>	Do you, or any entities you control, have agribusiness schemes on your platform? If so, what was the nominal value of these investments on: a. 1 January 2020? b. 20 April 2020?
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**Response:**

There are no agribusiness schemes offered by the Fund.

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OnePath

<b>OP98QW</b>	Managed investment schemes a. What policies and governance structures do you, or any entities you control, have in place to determine what managed investment schemes are added to your investment platforms? (Please also provide a copy of these policies.) b. Do you, or any entities you control, allow financial advice dealer groups to add managed investment schemes to your platform and/or recommended product lists?
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**Response:**

- (a) Please refer to Attachment **OP98QW**. Section 4 (Investment Selection Process) of the attachment: *Investment Strategy Implementation Review, Performance Monitoring & Reporting Standard* provides considerations and criteria to determine what MISs are added OnePath investment platforms. Note that this policy, last approved in 2019, is currently being updated.
- (b) Financial advice dealer groups cannot influence either Platform Product addition or recommended product list additions.

# Investment Strategy Implementation, Review, Performance Monitoring & Reporting Standard

OnePath Custodians Pty Limited  
Oasis Fund Management Limited  
OnePath Funds Management Limited

**VERSION:**

V1.07 May 2019

**DOCUMENT OWNER:**

Chief Investment Officer

**DOCUMENT CUSTODIANS:**

Head of CIO Governance  
Fiduciary Research Manager

**PROCEDURE LEVEL:**

Level 3 – ANZ Wealth, Pensions & Investments/Managed Funds

**LAST REVIEW DATE:**

May 2019

**NEXT REVIEW DATE:**

(Annually) May 2020



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## 1 GLOSSARY

<b>AA&amp;PM</b>	Asset Allocation team and Portfolio Management team, CIO teams responsible for ANZ Wealth's asset allocation philosophy, processes and SAA / TAA outputs.
<b>AFSL</b>	Australian Financial Services Licence
<b>AMIT</b>	Attribution Managed Investment Trust regime – a regime for the taxation of managed investment schemes, whereby investors are taxed on income that is 'attributed' to them, rather than a proportional share of taxable income of the Fund.
<b>ANZ Wealth</b>	A division of Australia and New Zealand Banking Group Limited
<b>Boards</b>	Boards of the Superannuation Trustees
<b>CIO</b>	Chief Investment Office
<b>ESG</b>	Environmental, Social and Corporate Governance factors that encompass a broad range of issues that may of themselves, or in combination, impact the risk profile and return characteristics of an investment.
<b>ETF</b>	Exchange Traded Fund, a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.
<b>ETMF</b>	Exchange Traded Managed Funds which is actively managed rather than tracking a rules based index.
<b>ETP</b>	Exchange Traded Product (including ETFs, ETMFs and structured products).
<b>Fiduciary Research</b>	A unit of the CIO Governance Team within the CIO with a focus on investments made available via ANZ Wealth wrap and master trust platforms.
<b>Fund Investment Strategy</b>	Investment Strategy for the whole of a superannuation fund as required by section 52(6) of the SIS Act.
<b>Funds</b>	Retirement Portfolio Service and Oasis Superannuation Master Trust
<b>IDPS</b>	Investor Directed Portfolio Service
<b>Investment Option</b>	An investment option within the Fund Investment Strategy that is made available to members to select.
<b>Liquidity Event<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• when a managed investment option is unable to satisfy redemption requests and/or becomes suspended;</li> <li>• stressed financial markets are hindering the ability to liquidate assets or would attract 'fire-sale' prices to do so;</li> <li>• a breach of the liquidity holdings buffer; or</li> <li>• when the Liquidity Valuation Working Group increases the liquidity holdings buffer above its historical limits.</li> </ul>
<b>OFM</b>	Oasis Fund Management Limited

<sup>1</sup> Consistent with the definitions per ANZ Wealth 'Liquidity Crisis Plan'



<b>OPC</b>	OnePath Custodians Pty Limited
<b>OPFM</b>	OnePath Funds Management Limited
<b>SAA</b>	Strategic Asset Allocation
<b>SIS Act</b>	The <i>Superannuation Industry (Supervision) Act 1993</i>
<b>SMA</b> s	Separately Managed Accounts
<b>SPS 530</b>	APRA Prudential Standard SPS 530 – Investment Governance
<b>Superannuation Trustees</b>	Oasis Fund Management Limited (OFM) and OnePath Custodians Pty Limited (OPC)
<b>TAA</b>	Tactical Asset Allocation
<b>WIGF</b>	Wealth Investment Governance Forum
<b>WAPC</b>	Wealth Australia Product Committee

## 2 STATEMENT OF STANDARD

This document sets out the standard of the **Superannuation Trustees**, collectively:

- Oasis Fund Management Limited (**OFM**) as Trustee of the Oasis Superannuation Master Trust (ABN 81 154 851 339) ; and
- OnePath Custodians Pty Limited (**OPC**) as Trustee of the Retirement Portfolio Service (ABN 61 808 189 263);

regarding the investment strategy governance that is required to be undertaken in accordance with APRA Prudential Standard SPS 530 – Investment Governance (**SPS 530**).

The document is also relevant for OnePath Funds Management Limited (ABN 21 003 002 800) (OPFM) as the Responsible Entity (RE) of the OnePath and OptiMix wholesale managed investment schemes and managed investment schemes made available via all OneAnswer product versions in meeting the requirements of ASIC Regulatory Guide **RG 259**.

### 3 LEGISLATION AND REGULATIONS

#### **SIS Act**

Sections 52(1) and (6) of the SIS Act provide that the governing rules of a registrable superannuation entity are deemed to contain various covenants, including that the Superannuation Trustees will:

- (a) formulate, regularly review and give effect to an investment strategy for the whole of the entity and for each investment option offered by the Superannuation Trustee;
- (b) exercise due diligence in developing, offering and reviewing regularly each investment option; and
- (c) ensure the investment options offered to each beneficiary allow adequate diversification.

#### **SPS 530**

Paragraphs 22 through to 28 of SPS 530 state:

- 22. An RSE licensee must have processes and criteria for selecting each investment to give effect to the investment strategy (investment selection process) to ensure that effective due diligence that is commensurate with the nature and characteristics of the investment is undertaken prior to the selection of an investment for an investment option.
- 23. An RSE licensee's investment selection process must result in the RSE licensee being satisfied that:
  - a. it has sufficient understanding and knowledge of the investment selected, including an assessment of any factors that could have a material impact on achieving the investment objectives of the investment option;
  - b. it has sufficient understanding of how the investment is expected to perform under the range of stress scenarios determined under paragraph 19(a); and
  - c. the investment is appropriate for the investment option.
- 24. An RSE licensee must determine appropriate measures, approved by the Board, to monitor the performance of each investment in each investment option and each MySuper product on an ongoing basis.
- 25. An RSE licensee must ensure that persons applying and assessing the measures required in paragraph 24 are operationally independent from persons who are responsible for making the investment.
- 26. An RSE licensee must ensure that the performance of each investment is regularly reported to the Board and senior management.
- 27. For each investment strategy, an RSE licensee must have a review policy that is approved by the Board and that, at a minimum, requires each investment strategy to be reviewed against its investment objectives on at least an annual basis. The policy must also include:
  - a. the triggers that will cause an interim review of the investment strategy in addition to the annual review;
  - b. the processes for reporting the results of each review to the Board; and
  - c. the criteria that will determine whether the investment strategy must be changed.
- 28. On receipt of the results of a review of an investment strategy undertaken in accordance with the review policy, the Board must ensure that a decision to amend the investment strategy is supported by sufficient justification and analysis for the amendment.

#### **ASIC RG 259**

RG 259 sets out ASIC's expectations of responsible entities with regard to appropriate risk management practices in relation to the operations of the corporate activities of responsible entities and the schemes that are managed.

## 4 INVESTMENT SELECTION PROCESS

The Chief Investment Office (**CIO**) will consider potential Investment Options, and recommend to the Wealth Investment Governance Forum (**WIGF**) and the Superannuation Trustee Boards (**Boards**) for approval to make new Investment Options available for investment by members of the Retirement Portfolio Service, Oasis Superannuation Master Trust and IDPS (**the Funds**). CIO will also make recommendations to the RE Board (OPFM) in relation to the managed investment schemes made available via all OneAnswer product versions and wholesale managed investment schemes. The Chief Investment Officer under Board sub-delegation can approve the addition of new investment options (or closure of existing investment options) that have been “endorsed” by WIGF.

### a) Selection Criteria for Managed Funds and SMAs

The following **managed fund** and SMA selection criteria will be applied:

Consideration	Areas to address
Investment objective	<ul style="list-style-type: none"> <li>• Does the investment manager understand the investment objectives and investment strategy?</li> <li>• Does the investment manager have a process with systems and procedures to ensure that the investment strategy is followed?</li> <li>• Is the Investment Option aligned with the Fund’s investment objectives and risk appetite and investment strategy?</li> <li>• How does each individual option add to the objectives of the overall Fund investment strategy (diversification, quality etc)?</li> <li>• Is the Investment Option capable of meeting the Fund’s specific and measurable investment objectives, including return and risk objectives?</li> </ul>
Sources of risk and return	<ul style="list-style-type: none"> <li>• Is the Investment Option on the list of permissible investments?</li> <li>• Does the Investment Option offer multiple sources of return across a range of market environments and not solely rely on one source of return?</li> <li>• What are the risk factors the Investment Option is potentially exposed to and is the investment sufficiently diversified to reduce risk?</li> <li>• Is the projected return commensurate with the level of risk being undertaken?</li> <li>• Does the range of assets facilitate the construction/implementation of the strategy to achieve its objective?</li> <li>• Has the Investment Option been rated by a reputable research organisation and has a favourable rating been received? Have there been any unfavourable ratings? Where applicable, is there a favourable ESG rating from the external research houses used by Fiduciary Research?</li> </ul>

Performance	<ul style="list-style-type: none"> <li>• What is the performance record and expected future performance as determined by both risk and return measures through various market cycles? How consistent has the performance been through past cycles?</li> <li>• What is the projected performance of the Investment Option, including the active return above the benchmark?</li> <li>• Has the sector(s) in which the Investment Option has exposure to and the current market environment been considered?</li> </ul>
Diversification	<ul style="list-style-type: none"> <li>• Is the Investment Option well diversified within individual asset sectors and across various asset sectors (eg. shares, fixed interest, cash property, alternatives)?</li> <li>• What risks are posed from the Investment Option's limited diversification level?</li> <li>• Does the Investment Option contribute to delivering a broad range of investments (across asset sectors, investment managers, styles and strategies) for members at the Fund level?</li> </ul>
Organisation and Capability	<ul style="list-style-type: none"> <li>• Does the investment manager demonstrate financial viability and sufficient ongoing resources to operate?</li> <li>• Does the investment manager have adequate capital resources to undertake its role?</li> <li>• Does the investment manager have an established track record in successfully managing money in the sector and a team of experienced investment professionals?</li> <li>• How incentivised is the investment manager to deliver strong performance?</li> <li>• Does the investment manager have an environmental, social and governance (ESG) policy?</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>• Has the investment manager complied with ANZ Wealth's governance requirements including completion of annual attestation survey, investment and liquidity stress testing, Derivative Risk Statement Part B or equivalent document and appropriate sign-off / external audit?</li> <li>• Is the managed fund a registered scheme?</li> <li>• Do any conflicts of interest exist within the investment manager? If there are any, how are they managed and monitored?</li> <li>• Are there any conflicts of interest between ANZ Wealth and the investment managers? Are these being managed?</li> <li>• Does the investment manager utilise appropriate services providers, in respect of legal, custodial and accountancy services?</li> <li>• Does the investment manager have appropriate compliance procedures?</li> <li>• Are there appropriate investment restrictions (e.g. exposure limits) in place, having regard to the investment objectives and strategy (e.g.</li> </ul>

	<p>exposure limits)?</p> <ul style="list-style-type: none"> <li>• Does the investment manager have an up to date Australian Financial Service Licence (<b>AFSL</b>)?</li> <li>• Has the investment manager been subject to enforceable undertakings with ASIC or subject to any regulatory action or litigation in regards to the managed fund under consideration?</li> <li>• Is the managed investment scheme subject to an appropriate audit?</li> </ul>
Stress Testing	<ul style="list-style-type: none"> <li>• Has the investment manager completed ANZ Wealth's stress testing template and has a review of the responses revealed any unexpected results or risks?</li> </ul>
Liquidity and Cash Flow Management	<ul style="list-style-type: none"> <li>• Are the underlying assets of the Investment Option sufficiently liquid?</li> <li>• Does the Investment Option provide adequate liquidity to members?</li> <li>• What are the risks of the Investment Option not providing adequate liquidity under certain market conditions?</li> </ul>
Valuation	<ul style="list-style-type: none"> <li>• What is the valuation methodology of the investment?</li> <li>• Can the fund and the assets in the fund be reliably and accurately valued?</li> <li>• What is the lag period in the issuance of fund unit prices?</li> </ul>
Tax Impacts	<ul style="list-style-type: none"> <li>• What is the potential impact of taxes on the performance of the investment (or Investment Option, as applicable) and the after-tax returns received by beneficiaries?</li> <li>• Has the investment manager elected into the Attribution Managed Investment Trust (AMIT) regime for the fund.</li> </ul>
Costs	<ul style="list-style-type: none"> <li>• What are the costs of investing in the fund? Are these costs reasonable and competitive?</li> <li>• Availability of fee disclosure information as required by regulation for Responsible Entities and Superannuation Trustees to disclose (eg. ASIC Regulatory Guide 97)?</li> <li>• Is the Investment Option fee structure competitive and aligned with its investment objectives and the interests of investors?</li> </ul>
Derivatives	<ul style="list-style-type: none"> <li>• Are derivatives being used? If so: <ul style="list-style-type: none"> <li>○ Is the use of derivatives aligned with the requirements noted in the 'Derivative Usage - OnePath Custodians and Oasis Funds Management' procedural document?</li> <li>○ Are there any additional risks introduced by the use of derivatives?</li> </ul> </li> </ul>

Product Features and Complexity	<ul style="list-style-type: none"> <li>• What is the degree of complexity of the product?</li> <li>• Will advisers and their clients have an understanding of the product features?</li> <li>• Are there any unintended or unforeseen risks as a result of the product complexity?</li> </ul>
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These considerations will be documented by the Office of the CIO.

## **b) Manager Selection Process for Mandates**

The Portfolio Management (PM) team is responsible for investment manager selection, allocation (portfolio construction) and the subsequent implementation and amendment (when required) of institutional investment management agreements (IMAs) with selected managers. Formal interaction and reporting with the investment managers is specified in the IMAs.

The PM team will then identify the most appropriate manager(s) to meet portfolio criteria and the product requirements of ANZ Wealth. This requires an understanding of broad market factors likely to determine manager returns and risk characteristics over an appropriate investment time horizon.

The due diligence process for a full sector review has three main steps.

- 1) Identifying the long list from the relevant peer group. That is, the peer group that is closely aligned with the key drivers in the mandate specification, which includes ESG considerations.
- 2) Identifying the short-list for intensive due diligence (ex-post and ex-ante analysis), as well as mandate negotiation.
- 3) Recommending managers that meet the mandate specification including commercial parameters such as fees and capacity.

With regard to the long list creation, input is taken from ANZ's consultant Mercer, who will provide recommendations from their group of highest rated (A and B+) managers. Consideration is also given to Mercer's ESG rating and analysis for each manager. Ideas are also sourced from internal analysis and prior knowledge of managers. The team can also commence the research process on a strategy that meets the mandate requirement but is not rated by an external consultant.

Short-list managers undergo a thorough due diligence process with respect to key quality criteria as well as analysis of performance and risk metrics (both ex-post and ex-ante). Mandate suitability further covers a range of matters including fees, liquidity, compliance reporting and adherence to ANZ Wealth's Responsible Investment Framework.

Key quality criteria for selecting managers are:

- Business sustainability
- Firm's philosophy and investment process
- Experience, tenure and track record of the investment team
- Mandate suitability

Managers are selected based on suitability and will be recommended to WIGF for 'Endorsement' and to the OPFM Board or CIO under Board delegation (depending upon materiality of the Fund Manager) for 'Approval'.

### c) Direct Securities Criteria

The following **direct securities** selection criteria will be considered for the super and pension wrap platforms (Oasis and Grow Wrap):

Consideration	Areas to address
Listed Ordinary Shares	<ul style="list-style-type: none"> <li>• The share must be already listed on the ASX and be fully paid without any outstanding liability (no partly paid shares or instalment receipts).</li> <li>• The share must be within the S&amp;P / ASX 300 Index list of companies.</li> <li>• The Trustee also reserves the right to limit any security that would otherwise appear within the S&amp;P / ASX 300 Index if it decides it is not appropriate for any reason.</li> </ul>
Hybrids and Debt Securities	<ul style="list-style-type: none"> <li>• The security must be already listed on the ASX.</li> <li>• The security must not have been rejected by the Wealth Australia Product Committee (WAPC) or the Chief Investment Officer under delegated authority from the (WAPC) as a new issuance for quality reasons and must satisfy three of the five below criteria to ensure they are made available: <ul style="list-style-type: none"> <li>○ Standard &amp; Poors (S&amp;P) have rated the security "A-" or better (or equivalent from another ratings agency);</li> <li>○ the security is rated "Subscribe / Recommended" or better by a reputable research house (e.g. Lonsec or Morningstar);</li> <li>○ S&amp;P have rated the company or issuer of the security "A-" or better (or equivalent from another ratings agency);</li> <li>○ the underlying company's ordinary shares must be part of the S&amp;P/ASX Top 100 Index;</li> <li>○ the instrument must rank ahead of ordinary shareholders of the issuing company (unless converted to an equity).</li> </ul> </li> </ul>
Listed Investment Companies (LICs)	<ul style="list-style-type: none"> <li>• The LIC must be already listed on the ASX.</li> <li>• The LIC must have a market capitalisation equal to or better than the 200th listed security within the S&amp;P/ASX 200 Index and deemed appropriate by Fiduciary Research and not rejected by the WAPC or the Chief Investment Officer under delegated authority from the WAPC as a new issuance for quality reasons.</li> </ul>
Exchange Traded Products (ETP)	<ul style="list-style-type: none"> <li>• Exchange Traded Funds (ETFs), Exchange Traded Managed Funds (ETMFs) and Exchange Traded Commodities (ETCs) may be offered if deemed appropriate by Fiduciary Research and they have been endorsed by WIGF and approved by the Trustee Board or their</li> </ul>

	delegate.
Initial Public Offerings (IPOs)	<ul style="list-style-type: none"> <li>• Where a new Hybrid or Debt security becomes available for investment, through an IPO, the new security must satisfy three of the above listed criteria under the 'Hybrids and Debt Securities' section and be approved by the Chief Investment Officer under delegated authority from the WAPC.</li> <li>• For a LIC or ETMF IPO, the new security must satisfy the criteria below and be approved by the Chief Investment Officer under delegated authority from the WAPC. The criteria are: <ul style="list-style-type: none"> <li>○ The IPO is rated "Subscribe / Recommended" or better by a reputable research house (eg. Lonsec or Morningstar);</li> <li>○ For a LIC IPO, on listing it is expected to have a market capitalisation equal to or greater than the 200<sup>th</sup> listed security within the S&amp;P/ASX 200 Index; and</li> <li>○ For an ETMF IPO, it must be a registered managed investment scheme and 100% physically backed (no synthetic replication).</li> </ul> </li> </ul> <p>Where the Hybrid and Debt security / LIC / ETMF criteria are not met and for other types of IPOs, WAPC approval is required via the normal operating procedures or via circular resolution if time critical.</p>

While the direct securities selection criteria outlined above have been implemented for Oasis and Grow Wrap Super and Pension, they have not been implemented for PortfolioOne due to systems limitations. For PortfolioOne, currently all ASX listed fully paid ordinary shares and stapled securities are offered for investment, but not shares with an outstanding liability (partly paid shares or instalment warrants other than self-funding instalment warrants). PortfolioOne also offers (subject to being able to be administered by Macquarie based on operational, tax-related and system considerations) –

- ASX listed company options, rights issues, bonus issues, entitlement offers and placements;
- All available hybrids and debt securities;
- All available LICs;
- All available ETPs;
- IPOs as per the selection criteria for Oasis and Grow Wrap.

For IDPS, Oasis and OPC offer a full-service wrap administration solution, providing access to all ASX listed and soon to be listed (IPO) securities, ETPs and warrants.

Where the Superannuation Trustees engage an external service provider under an investment management agreement or mandate, the Superannuation Trustees and OPFM must comply with the *Outsourcing Schedule*.

#### **d) Investment Limits for Oasis and Grow Wrap Super and Pension**

In order to ensure members have adequate diversification and to reduce the risks of investing, investment limits are currently in place for Oasis Super and Pension Service and for Grow Wrap Super and Pension Service.

The Oasis investment limits are on the overall Member account balance and only cover listed securities and are summarised below. They are applied at the time the listed securities are purchased and are monitored on an ongoing basis. Where a requested transaction will result in an investment



holding moving outside an approved limit, the transaction is rejected. Members and their advisers are informed annually where investments are outside the investment limits.

Equity Categories	Single Stock Exposure
ASX 300 (1-200 stocks by market capitalisation)	20%
ASX 300 (201-300 stocks by market capitalisation)	10%
Debt and Hybrid securities	10%
Listed Investment Companies ( <b>LICs</b> )	20%
Exchange Traded Products (including ETFs, ETMFs and structured products) invested in a single sector eg. property or commodities such as gold.	20%

The Grow Wrap investment limits cover listed securities, managed funds and SMAs and are summarised below. The limits are on the overall member account balance and are applied at the time of purchase and monitored on an ongoing basis. Where a requested transaction will result in an investment holding moving outside an approved limit, the transaction is rejected. Fiduciary Research will provide quarterly reporting to WIGF where investment limits have been exceeded. Where there is a 'material' finding of investment limit breaches in the judgement of the CIO, this will be reported to the Trustee Board. Members and their advisers will also be notified, at least on an annual basis, alerting them of investment limits being exceeded and recommending they take action to move back within the limits. The investment limits will be reviewed if there is a change to the structure or design of the product, or the investments made available via the product that would indicate that a review should be conducted.

Investment Type	Diversification requirement on overall account balance	Diversification range
ASX listed equities (single stock)	<ul style="list-style-type: none"> <li>Any security within S&amp;P/ASX 100 index</li> <li>Any security within S&amp;P/ASX 200 index (and not in S&amp;P/ASX 100 index)</li> <li>Any security within S&amp;P/ASX 300 index (and not in S&amp;P/ASX 200 index)</li> <li>Any single issue security identified by the Trustee example Complex IPO not approved for Super / Pension members</li> <li>Hybrids securities</li> <li>Listed Investment Companies</li> <li>Exchange Traded Products - ETFs and ETMFs - alternatives</li> <li>Exchange Traded Products - ETFs and ETMFs - single asset class</li> </ul>	<ul style="list-style-type: none"> <li>20pct (per stock)</li> <li>15pct (per stock)</li> <li>10pct (per stock)</li> <li>0pct (per stock)</li> <li>10pct (per stock)</li> <li>30pct (per stock)</li> <li>20pct (per stock)</li> <li>30pct (per stock)</li> </ul>
Aggregated ASX listed stock limits	<ul style="list-style-type: none"> <li>All securities in a single ASX Global Industry class</li> <li>All options and warrants</li> <li>All securities outside of ASX 300 (<b>Super / Pension</b>)</li> <li>Aggregate Hybrid Securities</li> </ul>	<ul style="list-style-type: none"> <li>60pct Financials / 40pct other sectors</li> <li>0pct (in total)</li> <li>0pct</li> <li>25pct (in total)</li> </ul>
Single Class Managed Investments / SMAs (including cash enhanced funds but excluding cash funds)	<ul style="list-style-type: none"> <li>Wrap Single class managed fund / SMA</li> <li>Invested in alternatives or non-daily liquidity</li> </ul>	<ul style="list-style-type: none"> <li>30pct (per fund)</li> <li>20pct (per fund)</li> </ul>
Aggregated Managed Investments / SMAs	<ul style="list-style-type: none"> <li>Geared Fund / SMA single sector</li> <li>Investments with limited liquidity (less than daily)</li> </ul>	<ul style="list-style-type: none"> <li>20pct (in total)</li> <li>40pct (in total)</li> </ul>
Cash account / funds, term deposits and multi asset class funds / SMAs / ETFs / ETMFs	<ul style="list-style-type: none"> <li>No applicable limits</li> </ul>	<ul style="list-style-type: none"> <li>100pct</li> </ul>

## 5 ONGOING INVESTMENT MONITORING

### Investment managers

Investment managers appointed under mandate (as specified in relevant Investment Management Agreements) are monitored by the Portfolio Management team and reviewed to ensure that they remain capable of meeting performance expectations and fulfilling the purpose for which they have been appointed in the context of the investment strategy.

The formal review process, which incorporates quantitative and qualitative assessment, predominantly occurs on a quarterly basis, with intra-period reviews as circumstances require. Additionally, an independent performance and compliance reporting process provides oversight of investment

managers. Consultant input may also be requested where appropriate. Overall conclusions are reported to WIGF on a quarterly basis with exceptions requiring further action highlighted.

Any activity that seems uncharacteristic of the manager is investigated by relevant investment professionals in the Portfolio Management team within CIO. This analysis is compiled from performance data assessments, investment manager reporting, and meetings with the manager as well as internally and externally provided information.

### **Investment options**

Performance of the underlying Investment Options is measured both relative to the options' investment objectives and / or an appropriate benchmark index including the median of the most appropriate peer group over periods ranging from 3 months to 5 years. Quartile performance rankings based on the peer group universe as supplied by Morningstar, Chant West, SuperRatings or Mercer are also utilised. Independent qualitative research house ratings supplied by Mercer, Morningstar, Chant West and Lonsec are also monitored in reviewing the investment quality of the options.

Investment options with poor performance relative to their investment objectives and peer group over the medium to long term and with poor research house ratings will be considered for removal from the investment menus. Other factors which may lead to a review of Investment Options and their potential removal from menus include:

- perceived liquidity risks within the Investment Options;
- deteriorating asset quality of the underlying investments;
- concerns around the viability of the fund manager and ability to continue operating successfully;
- significant turnover within the investment team particularly of key personnel; and
- change to the manager's investment process or strategy which may increase the risks inherent in the investment option and make it unsuitable to clients.

### **External manager information collection and review**

As part of the ongoing investment monitoring of third party managed funds across ANZ investment menus, Fiduciary Research collects, stores (via a web based secure Intralinks platform) and reviews a range of documentation from the investment managers of the funds or their Responsible Entities (RE). The information collected and the review process is detailed in the table below. It includes an annual survey required to be completed by all investment managers including necessary attestations. Where risks or concerns are identified as a result of the review, they will be escalated to the WIGF for consideration and for determination of the appropriate course of action.

Information Collection	Purpose of Collection	Collection and Review
External Fund PDS – current and historical	Review disclosure of fund info (objectives, fees and costs as per RG97, strategy, AAs) and operational details (applications / withdrawals, distributions, valuation).	Review PDS for new funds being considered for ANZ platforms. Review changes where PDS is reissued and fund already on ANZ platform.
Fund constitution	Contains important information regarding the Fund and its management including RE powers, valuation, redemptions, fees and termination. Used where ANZ fund constitution required eg. MasterFund.	Collect for all funds on wrap and non-wrap platforms. Review only for new funds being added to ANZ platforms or where constitutions have been updated for existing funds. Review manager attestation for confirmation PDS aligns with Fund constitution.
Manager DRS Part B or equivalent (GS007) and external audit report	To review manager use of derivatives in managing funds, limits and controls in place and independent sign-off they have been followed. Part of effective risk management oversight.	Collect as part of prudent risk management oversight. Review – <ul style="list-style-type: none"> <li>- limits and controls have been followed</li> <li>- external audit sign-off</li> <li>- auditor details</li> </ul>
Fund Financial Statements – audited financial year end	To check fund financial position and verify there is an audited set of financial accounts with no improper, fraudulent or unexplained activities.	Collect FYE financial statements for all funds. Review – <ul style="list-style-type: none"> <li>- timeliness</li> <li>- audited and no qualified conclusions</li> <li>- auditor details</li> </ul>
Fund financial year end Indirect Cost Ratios (ICRs) and other fee /cost disclosure information	Used in wrap fee calculators and member statements and disclosed in PDSs as required by regulation. Unit pricing / actuarial team also require this input for non-wrap platforms.	Collect as required by other business units and for disclosure on wrap menus and in PDSs.

Information Collection	Purpose of Collection	Collection and Review
Fund investment parameters – <ul style="list-style-type: none"> <li>• Investment objective</li> <li>• Investment strategy</li> <li>• SAA and ranges</li> <li>• Valuations</li> <li>• Stress testing</li> <li>• Liquidity Management</li> </ul>	In compliance with the Investment Governance Framework and for risk management.	Analysis on a risk based approach (ie. greater focus on riskier strategies and where FUM exposure is high eg >\$10m). OPFM / related party options analysis via Factset as part of SPS530.
Manager Environmental, Social and Governance Policy (ESG)	Obligation for Trustee to consider ESG factors.	As part of annual investment manager attestation survey – <ul style="list-style-type: none"> <li>- existence of ESG Policy and provided to ANZ;</li> <li>- confirmation of whether a UNPRI signatory;</li> <li>- review of manager’s awareness and approach to ESG matters.</li> </ul>
Manager AFSL checks on ASIC website	Manager is operating under a valid AFS license and there are no outstanding issues with ASIC.	Managers to complete an annual investment manager attestation survey.
Manager Enforceable Undertakings with ASIC	Check on manager behaviour / incidents not in the best interest of investors and inconsistent with high standards expected by ANZ.	Monitor enforceable undertakings (EU) with ASIC via ASIC alert service. Save any EU on file. Include EU question as part of annual investment manager attestation survey.
Manager BCP / BCP test results	Ability of managers to continue to operate normally and perform responsibilities in the event of a significant disruption to their business.	As part of annual investment manager attestation survey – <ul style="list-style-type: none"> <li>- BCP confirmation</li> <li>- latest BCP test outcome / issues.</li> </ul>
Significant event notices published by manager	Assess impact of event on fund and ability to deliver on objectives. Update fund disclosure online or send out investor communications.	Collect as per manager communication. Include as part of annual investment manager attestation survey – <ul style="list-style-type: none"> <li>- confirmation ANZ has been kept fully informed.</li> </ul>
Reportable breaches attestation by managers	Confirmation that fund is being managed according to PDS and ANZ expectations. Risk monitoring and management.	As part of annual investment manager attestation survey – <ul style="list-style-type: none"> <li>- details of reportable breaches over last 12m;</li> <li>- confirmation ANZ has been kept fully informed.</li> </ul>

Information Collection	Purpose of Collection	Collection and Review
Economic and Trade Sanctions Policy	Manager confirmation that funds on ANZ platforms are managed in compliance with UN, US, EU and DFAT Economic and Trade Sanctions Policies.	As part of annual investment manager attestation survey – <ul style="list-style-type: none"> <li>- confirmation that over the past year funds on ANZ platforms have been managed in accordance with these sanction policies;</li> <li>- details of any non-compliance.</li> </ul>

## 6 REPORTING TO THE BOARDS

### Annual Reporting

An annual report is provided to the WIGF, OPFM and Oasis and OnePath Custodian Boards by CIO that reviews the investment strategy for each of the Funds. Annual reports on the review of SPS530 stress testing and the annual investment manager survey with necessary attestations are also provided to WIGF and the Boards.

### Quarterly reporting

Quarterly reports regarding the performance of investments and Investment Options are provided to WIGF and the Boards by the CIO.

The quarterly report will generally include:

- absolute performance and performance relative to the options' investment objectives, benchmark and peer group over periods ranging from 3 months to 5 years;
- quartile performance rankings based on the peer group universe as supplied by ChantWest, SuperRatings, Morningstar or Mercer; and
- independent qualitative research house ratings supplied by Mercer, Morningstar, Chant West and Lonsec.

### Ad hoc reporting

The CIO escalates to the Boards issues that require their attention regarding either the investment strategy of the Funds or issues regarding the operation of Investment Options.

### Reports

The table below sets out the reports that are provided to the Boards of OPC and Oasis on a quarterly and annual basis:

Report Name	Scope of Report	Frequency of Submission
CIO Business Update and Investment Performance Report – OnePath Custodians Pty Ltd, Oasis Funds Management Pty Ltd.	To provide OPC and OFM with an overview of the investment quality of funds on the OnePath limited menu platforms, and funds / SMAs on the wrap platforms (Grow Wrap, PortfolioOne and Oasis).  Objectives include: <ul style="list-style-type: none"> <li>• reporting on Trustee default fund performance on an absolute, relative to benchmark, investment objective and peer group basis (for ANZ Smart Choice);</li> </ul>	Quarterly

	<ul style="list-style-type: none"> <li>• reporting on platform fund performance and research house ratings;</li> <li>• highlighting any investment issues; and</li> <li>• providing a summary of management actions taken or proposed.</li> </ul> <p>To provide OPC and OFM with a list of the investment menu changes approved by the Chief Investment Officer under Board sub-delegation.</p> <p>To provide OPC and OFM an update on investment limit breaches for Grow Wrap Oasis over the previous quarter where there is a 'material' finding in the judgement of the CIO.</p>	
<p>CIO Business Update and Investment Performance Report – OnePath Funds Management Ltd</p>	<p>To provide OPFM with an update on OPFM and third party managed funds including:</p> <ul style="list-style-type: none"> <li>• OPFM Diversified Funds;</li> <li>• OPFM Single Sector Funds;</li> <li>• OPFM Index Funds;</li> <li>• OneAnswer Funds; and</li> <li>• Alternative Asset Funds.</li> </ul> <p>Update includes:</p> <ul style="list-style-type: none"> <li>• performance relative to benchmark and peer group;</li> <li>• research house ratings and fund watch matters;</li> <li>• highlighting any investment issues;</li> <li>• providing a summary of management actions taken or proposed; and</li> <li>• CIO outlook and portfolio positioning.</li> </ul>	<p>Quarterly</p>

## 7 INVESTMENT STRATEGY REVIEWS

The Office of the CIO is responsible for conducting annual reviews, interim reviews, quarterly reviews and ongoing monitoring of the investment strategies.

### Annual reviews

The investment strategies for each of the OPFM / related party managed funds offered standalone via PDS (Product Disclosure Statement) are comprehensively reviewed against their investment objectives every three years, with limited reviews undertaken on an annual basis. This includes a review of the appropriateness of the asset allocation given the investment objective and market movements. Any proposed changes are submitted to OPFM for review and approval.

### Interim reviews

A review of the investment strategy for each Fund and each Investment Option against its investment objectives may occur if a trigger event occurs. Trigger events include, but are not limited to:

- substantial changes in initial market expectations (i.e. expected asset class returns, volatility and correlations);
- significant changes to investment team or process behind the strategy;
- significant changes to Strategic Asset Allocation (**SAA**) or Tactical Asset Allocation (**TAA**) raising concerns as to the ability of the Investment Strategy to meet the Investment Objective;
- concerns raised from the ongoing monitoring of investment options and investment managers;
- Liquidity Event (as defined in the Glossary – refer section 1); or
- where there are business or regulatory concerns in relation to an investment manager.

### Quarterly reviews

The Superannuation Trustees are presented with quarterly reporting that relates to the investment performance of all existing OPFM / related party managed investment options and summarised reporting for third party managed options. This quarterly reporting includes absolute performance and performance relative to the options' investment objectives, benchmark and peer group over periods ranging from 3 months to 5 years.

### Criteria for amendment of an investment strategy

Following the review of each investment strategy, the Superannuation Trustees will use the criteria set out below to determine if an investment strategy should be changed, remediated or removed.

- For a Fund strategy, whether there have been any material changes to the key components including:
  - investor suitability;
  - time horizon;
  - asset class exposure.
- For an individual Investment Option strategy:
  - whether there is a material change to any of the key components including:
    - return objective;
    - risk objective;



- asset allocation;
  - use of derivatives;
  - risk budgeting<sup>2</sup>;
  - cost and tax considerations; and
  - performance based fees;
- whether there are perceived liquidity risks within the Investment Option;
  - whether there is deteriorating asset quality of the underlying investments;
  - whether there are concerns around the viability of the fund manager and ability to continue operating successfully;
  - whether there is significant turnover within the investment team particularly of key personnel; and
  - whether there are changes to the manager's investment process or strategy which may increase the risks inherent in the Investment Option and make it unsuitable to clients.

Investment Options with poor performance relative to their investment objectives and peer group over the medium to long term and with poor research house ratings will be considered for change, remediation or removal from the investment menus.

## 8 APPLICATION

This Standard is classified as a "Level 3 Entity level" document and applies to

- Oasis Fund Management Limited as Trustee of the Oasis Superannuation Master Trust (ABN 81 154 851 339) ; and
- OnePath Custodians Pty Limited as Trustee of the OnePath MasterFund (ABN 53 789 980 697) and the Retirement Portfolio Service (ABN 61 808 189 263); and
- OnePath Funds Management Limited as Responsible Entity of the OnePath and OptiMix wholesale managed investment schemes and managed investment schemes made available via all OneAnswer product versions.

## 9 BREACHES

A breach of this standard can occur if an investment strategy is not reviewed on an annual basis or if it is not reviewed following sustained underperformance of the investment against the market and/or against the investment objectives.

The performance reports are tabled as agenda items of the WIGF and the Superannuation Trustee boards each quarter. As such, any breach of this standard with regard to reporting is immediately escalated to the Superannuation Trustee Boards.

Breaches could result in regulatory breaches and as such must be advised to the relevant Board as soon as reasonably practicable.

## 10 STANDARD REVIEW

This standard will be reviewed (and updated if required) at least annually.

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<sup>2</sup> Target exposure to the risk factors

## 11 DOCUMENT HISTORY

Version (Date)	Description
V1.01 – June 2013	Creation of Document. Inaugural Board approval 24 June 2013
V1.02 – July 2014	Updates to reflect current governance structure (WIGF) plus the annual process overview by the Fiduciary Research team. Pending approval of OnePath Custodians/Oasis Boards 12 <sup>th</sup> Sept 2014
V1.03 – May 2015	Updates to investment selection criteria and process for external managers and managed funds and reports provided to the Boards. The information collection and review process for third party managed funds across ANZ Wealth investment menus has also been documented in this Standard. Pending approval of OnePath Custodians/ Oasis Boards on 18 <sup>th</sup> June 2015
V1.04 – May 2016	Include Grow Wrap in product range. Update selection criteria for managed funds and direct securities. Include references that investment menu changes can now be approved by Chief Investment Officer under Board sub-delegation. Incorporate investment limits for Oasis and Grow Wrap Super and Pension. Include reference to manager compliance with trade sanctions policies as part of annual attestation survey in the external manager information collection and review section.
V1.05 – May 2017	Update manager selection process for mandates. Incorporate SMAs into the document. Update fund selection criteria to include availability of fee disclosure information as required by regulation. Update investment limits for Oasis and Grow Wrap. Update information collection from external managers for additional fee information required. Also update glossary and terminology.
V1.06 – May 2018	Incorporation of OPFM as Responsible Entity into the document, with the recent introduction of RG 259 and the development of the OPFM Investment Governance Framework. Update glossary and terminology. Incorporate references to IDPS. Update manager selection and approval process for mandates. Update reporting to the Boards. Approval from OPC / OFM Chair for this standard to be a management level document for the super trustee Boards and WIGF to approve the annual review of content.
V1.07 – May 2019	Update manager selection and approval process for mandates. Update IPO approval process following the dissolution of the WAPC IPO Sub-Committee. Update reporting to the Boards.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP99QW</b>	APRA supervision of investment governance a. Please describe APRA’s current supervision of your investment governance. b. When did APRA last examine your investment governance processes? c. Has APRA asked you to stress-test particular types of managed investment schemes? If so, what types?
---------------	---

**Response:**

APRA supervision of investment governance

- a. Supervision of investment governance forms part of APRA's general supervision role and has not been a specific focus of recent discussions with APRA. It is noted that APRA sets out its expectations for Investment Governance in Prudential Standard SPS530.
- b. APRA’s most recent prudential review of OnePath's investment governance process was in May 2017.
- c. One of the requirements of Prudential Standard SPS530 is that the RSE Licensee must have a comprehensive stress testing program. While APRA has not directly asked OnePath to stress test particular types of schemes, OnePath has responded to APRA’s March 2020 industry wide request for information on COVID-19 scenario planning including information on stress testing for certain products.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

<b>OP100QW</b>	Rent for tenancies during COVID-19 a. Can you please advise what action you, or any entities you control, have taken to defer the payment of rent for tenancies for listed and/or unlisted assets owned by your fund during the COVID-19 pandemic? b. To what dollar value has that reduced revenue to your fund since 1 February 2020?
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**Response:**

- a. OnePath does not control any of the listed entities in which it invests and therefore does not control whether there is rent relief provided.
- b. Not applicable

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

<b>OP101QW</b>	Can you please advise what exposure your members have to listed property trusts and the value of those asset holdings on: a. 1 January 2020? b. 25 April 2020?
----------------	--

**Response:**

- a. Approximately 4.7% or \$754.7 million
- b. Approximately 4.8% or \$648.7 million

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP102QW</b>	Can you please advise what exposure your members have to listed mortgage trusts and the value of those asset holders on: a. 1 January 2020? b. 25 April 2020?
----------------	---

**Response:**

There are no listed mortgage trusts

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP103QW</b>	Do you expect that actual or expected hardship redemptions as a result of the COVID-19 pandemic will reduce, delay or otherwise impact shareholder returns? If so, how and to what extent?
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**Response:**

In the context of the size of the Fund, IOOF Corporate does not *currently* expect expected hardship redemptions to impact shareholder returns in a material way.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

<b>OP104QW</b>	How many sexual harassment complaints have been lodged against your company in the last five years? For each complaint, please set out: a. the jurisdiction b. how the complaint was resolved, and c. the remedies ordered or settlement amount.
----------------	--

**Response:**

IOOF Corporate has recorded two sexual harassment related complaints from staff during the last five years - one in QLD and one in SA. These were both investigated internally by Human Resources and formal warnings were given. No remedies or settlement amounts apply.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP105QW</b>	In the context of understanding the value of your services to Australian superannuation members, can you please advise the remuneration package for your Chief Executive; specifically: a. base salary b. annual bonuses c. the accumulated value of deferred bonuses unpaid d. the accumulated value of deferred bonuses paid e. any other annual, bonus or deferred remuneration information or settlements not covered in the previous four points, and f. reimbursements for expenses.
----------------	--

**Response:**

- (a) Base salary: \$1,178,306 (cash) + 21,694 (super) = 1,200,000 Total Fixed Remuneration
- (b) Annual bonuses LTI opportunity = 100% of TFR (deferred for 4 years)
- (c) the accumulated value of deferred bonuses unpaid = 24 month deferred FY2018 STI shares, remain restricted until Board review (Look Back) in July 2020. 13,112 shares (accounting value \$112,501).
- (d) Accumulated value of deferred bonuses paid = 12 month deferred FY2018 STI shares, unrestricted in 2019. 13,112 shares (accounting value \$112,501) were transferred to him.
- (e) Other annual, bonus or deferred remuneration information or settlements not covered in the previous four points, and = LTI's granted in prior performance periods -2018 plan, 2019 plan, and 2020 plan, accounting value of share-based payments is \$280,677
- (f) Reimbursements for expenses. = \$753.47 for last 12 months

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP106QW</b>	Please provide copies of your: a. annual report for the past five years, and b. company structure.
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**Response:**

Please refer to Attachments:

**OP106QW\_1**

**OP106QW\_2**

**OP106QW\_3**

**OP106QW\_4**

**OP106QW\_5**

**OP106QW\_6**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

**Attachment OP106QW\_6**

OnePath Custodians Pty Limited is a wholly owned subsidiary of IOOF. The company structure is illustrated below.



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

<b>OP107QW</b>	Please provide details of sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements for the past five years.
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#### Response:

The following are details of sponsorships for the past five years:

FY15 Not applicable  
FY16 Association of Superannuation Funds of Australia (ASFA) conference - \$14,000  
FY17 Not applicable  
FY18 Not applicable  
FY19 Not applicable

The following outlines advertising and marketing activities undertaken over the past five years:

- Print advertising/Marketing
- Online Advertising/Marketing
- Affiliate programs
- Marketing consultant engagement

Marketing expenditure for the past five years is:

<b>Total Cost of Advertising and/or Marketing \$m</b>				
<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
19	8	6	5	3

For completeness it is noted that for the past seven years, IOOF Group has had a sponsorship agreement in place with the Sydney Cricket and Sports Ground Trust (SCG Trust). Pursuant to the agreement, IOOF is the official Superannuation, Investments and Financial Advice partner at Allianz Stadium (which is part of the SCG Trust). The agreement costs approximately \$400,000 per year, total of \$2,000,000 for five years. These amounts are not paid from superannuation member Funds. OnePath joined the IOOF Group on 31 January 2020.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

<b>OP108QW</b>	Has your company ever made a donation (please include donations and 'other subscriptions') to any political party either directly or through a third party?
----------------	---

**Response:**

No

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

<b>OP109QW</b>	Does your company have a relationship with the: a. Business Council of Australia? b. Financial Services Council? c. Australian Financial Markets Association? d. Institute for Public Affairs? If so, please provide details of any amounts paid to each group.
----------------	--

**Response:**

- a. No
- b. OnePath membership ceased 31 December 2019
- c. No
- d. No

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

<b>OP110QW</b>	Are any commissions paid to employees? If so, please provide: a. Details of these commission arrangements. b. The total amount of commissions paid for each of the last five years. c. The conflicts of interest policy for managing these commission arrangements.
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**Response:**

No Commissions are paid to employees.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP111QW</b>	Does your company/fund pay incentives (commissions, shelf fees, volume incentives) to win investment mandates? If so, please provide the details.
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**Response:**

OnePath does not pay incentives to win investment mandates.



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

<b>OP112QW</b>	In the context of corporate governance, can you please provide for board directors (based or located in Australia or elsewhere) for the past five years: a. A list of the Board members and their biographies. b. De-identified total remuneration for each Board director. c. De-identified disaggregated remuneration for each Board Director, including: i. Base salary. ii. Annual bonuses. iii. The accumulated value of deferred bonuses unpaid. iv. The accumulated value of deferred bonuses paid. v. Any other annual, bonus or deferred remuneration information not covered in the previous four points. vi. Reimbursements for expenses.
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#### Response:

##### *Current directors:*

- Victoria Sophia Mary Weekes (Chair)
- Alan Harold Chonowitz
- Carolyn Judith Colley
- Robert Andrew Bloore
- Jane Margaret Harvey

##### *Past directors:*

- Peter George Mullin
- Charles George Clark
- Carolyn Michelle Tatley
- Stephen John Chapman
- Therese Mary McGrath
- Craig Timothy Brackenrig

Please refer to Attachments:

**OP112QW\_1**

**OP112QW\_2**

**OP112QW\_3**

**OP112QW\_4**

**OP112QW\_5**

**OP112QW\_6**

**OP112QW\_7**

**OP112QW\_8**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
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**OnePath**

Attachment OP112QW

Board members and their biographies

## Current board members

#	Directors	Biography
1	Victoria Sophia Mary Weekes <b>(Chair)</b>	<b>BComm LLB, FAICD, SFFinsia</b> Victoria Weekes is a professional non-executive director with more than 30 years' executive experience in the financial services sector and diverse experience, as a non-executive director, across the private, public and not for profit sectors. Victoria is currently the Independent Chair of the superannuation trustee OnePath Custodians, a \$45b retail public offer superannuation fund acquired in 2020 by the IOOF Group. Victoria is Deputy Chair of the Sydney Local Health District, one of Sydney's major public hospital and health networks and Deputy Chair of SGCH, a leading non-government community and affordable housing provider. Victoria is the Chair of NSW Treasury's Audit & Risk Committee and a member of the Library Council of NSW. Victoria is also President of the Financial Services Institute of Australasia (FINSIA) and a member of the ASIC Markets Disciplinary Panel. A lawyer by profession, Victoria's career has spanned customer facing roles in investment banking and corporate advice, government regulatory policy roles, and senior legal and risk management roles for major organisations. Victoria was Co-General Counsel of Citigroup Australia and Executive General Manager of Operational Risk & Compliance at Westpac. Victoria's past non-executive roles include ASX listed URB Investments, ANZ Trustees, eTrade Australia and Chair of the Audit & Risk Committee of NSW Urban Growth Development Corporation. Victoria's is a vocal advocate for gender equality and is the inaugural Chair of the Australian Gender Equality Council.
2	Alan Harold Chonowitz	<b>BAcc, MCOMM, CA</b> Mr Chonowitz has extensive experience in the financial services industry. Mr Chonowitz has extensive experience in considering a range of issues, including but not limited to trustee governance, risk and compliance, financial management and investment governance and brings a broad breadth of experience to his role as director of a trustee company.
3	Carolyn Judith Colley	<b>BEc (Accounting), FCA, GDip Applied Finance &amp; Investment, GAICD</b> Ms Colley has extensive experience in the financial services, product development and innovation sectors across multiple disciplines. Ms Colley has extensive experience in considering a range of issues, including but not limited to trustee governance, risk and compliance, financial management and investment governance and brings a broad breadth of experience to her role as director of a trustee company.
4	Robert Andrew Bloore	Andrew Bloore is an experienced Non-Executive Director, entrepreneur and farmer. He has designed, built and sold a number of businesses, focussed on the development of key disruptive technologies and distribution services in traditional markets, to create business efficiencies. Businesses Andrew has been actively involved in, both as an Executive and / or as a Director and in the capacity of investment funding, development and leadership, include: <ul style="list-style-type: none"> <li>• Superannuation Administration (Smartsuper and SuperIQ).</li> <li>• Superannuation software design (Class Super).</li> <li>• Manufacturing (marine products and surf equipment and manufacturing in China).</li> <li>• Engineering (ignition systems for engines).</li> <li>• Accounting (traditional tax accounting, management consulting and business advice firm).</li> <li>• Rural Property and food production (cattle cropping and currently developing intensive agriculture indoor vertical farming).</li> </ul> Throughout his Executive career, Andrew has worked on a range of Senate and Treasury Committees, and with the Australian Taxation Office (ATO) Regulations Committee on regulation for the superannuation industry. In 2016, Andrew sold his superannuation administration business to AMP, stepped down from the Senate and Treasury Committees and is now focussed on contributing to organisations as a Non-Executive Director.
5	Jane Margaret Harvey	<b>B.Com, MBA, FCA, FAICD</b> Ms Harvey has more than 30 years' experience in the financial and advisory services industry. Prior positions include as a Partner at PricewaterhouseCoopers, a Director of David Jones Limited from 2012 to 2014, a Director of UGL Limited from 2015 to 2017, and as a Director of DUET Finance Limited, a stapled entity within the ASX Listed DUET Group from 2013 to 2017. Jane was also a Director of AET Ltd between 2009-2017. Jane is a Board Member of Orygen – The National Centre of Excellence in Youth Mental Health, and Trustee of the Marian & EH Flack Trust.

## Past board members

#	Directors	Resigned	Biography
1	Peter George Mullin	31 Jan 2020	Mr Mullin is the Managing Director, Pensions and Investments, ANZ Wealth. Mr Mullin has held a number of executive positions across the ANZ Group in the following areas, Finance, Strategy, M&A Integration as well as general business management. Mr Mullin has extensive experience in considering a range of issues, including but not limited to trustee governance, risk and compliance, financial management and investment governance and brings a broad breadth of experience to his role as director of a trustee company.
2	Charles George Clark	31 Jan 2020	Mr Clark has extensive experience as a director in the financial services, arts and communications industries. Mr Clark has extensive experience in considering a range of issues, including but not limited to trustee governance, risk and compliance, financial management and investment governance and brings a broad breadth of experience to his role as director of a trustee company.
3	Carolyn Michelle Tatley	31 Jan 2020	Ms Tatley is an Executive Manager at ANZ Wealth. During her 25 year career Ms Tatley has held a number of senior positions in the financial, telecommunications, retail and medical industries in Australia, South Africa and the UK. Ms Tatley has a background in accounting, finance and auditing, and worked in those fields as a consultant for 10 years before taking up business leadership positions. Ms Tatley has a breadth of experience from these roles including in the areas of digital, customer experience, marketing and strategy.
4	Stephen John Chapman	31 Jul 2019	Mr Chapman has extensive experience as a director in the financial services, corporate advice and natural health sectors. Mr Chapman has extensive experience in considering a range of issues, including but not limited to trustee governance, risk and compliance, financial management and investment governance and brings a broad breadth of experience to his role as director of a trustee company.
5	Therese Mary McGrath	7 Apr 2016	Ms McGrath is the General Manager Strategy & Governance, ANZ Wealth. Ms McGrath is an international executive having held senior finance, strategy & operations positions in various companies. Ms McGrath has extensive experience in considering a range of issues, including but not limited to trustee governance, risk and compliance, financial management and investment governance and brings a broad breadth of experience to her role as director of a trustee company.
6	Craig Timothy Brackenrig	27 Apr 2015	Mr Brackenrig is the Chief Financial Officer, ANZ Wealth. Mr Brackenrig has over 25 years' experience in the financial services industry, including managing large-scale technology and business change. Mr Brackenrig has extensive experience in considering a range of issues, including but not limited to trustee governance, risk and compliance, financial management and investment governance and brings a broad breadth of experience to his role as director of a trustee company.

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

**OnePath**

**OP112QW2**

OPC Director	Total Remuneration \$				
	FY19	FY18	FY17	FY16	FY15
<b>Current Directors</b>					
Director A	101,522	93,400	47,500	47,500	
Director B	144,276	132,475	97,455	97,455	97,455
Director C	103,150	76,072			
<b>Past Directors</b>					
Director D	83,396	93,400	57,488	45,511	31,139
Director E	106,250	99,288	57,849	57,849	46,279
Director F				32,541	61,374
Director G	200,477	277,267	210,149	165,163	
Director H					150,912
<b>Total</b>	<b>739,071</b>	<b>771,902</b>	<b>470,441</b>	<b>446,019</b>	<b>387,159</b>

**Notes:**

- Remuneration disclosed for OnePath is consistent with disclosures under Section 29QB(1)(a) of the Superannuation Industry Supervision Act 1993
- For directors who were also employees of the parent entity, the information refers to της μελετωαντ πορτιον of remuneration which relates to their OnePath role.
- A director was appointed director effective 26 October 2016 and her remuneration has not been available for inclusion.
- Included in deferred bonus unpaid are all deferred shares and rights issued during the year.
- Included in deferred bonus paid are all deferred shares and rights vested during the year.
- Excluded from the detail is the AASB2 share based payments amortisation value which is included in the annual disclosures.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR

OnePath

OP112QW\_3

FY15	Disaggregated Remuneration \$					
	Base Salary	Annual Bonuses	The accumulated value of deferred bonuses unpaid	The accumulated value of deferred bonuses paid	Any other annual, bonus or deferred remuneration	Reimbursements for expenses
<b>Current Directors</b>						
Director A						
Director B	97,455					
Director C						
<b>Past Directors</b>						
Director D	31,139					
Director E	46,279					
Director F	23,286	12,800	13,204	11,672	412	
Director G						
Director H	31,883	18,089	46,347	54,110	483	
<b>Total</b>	<b>230,042</b>	<b>30,889</b>	<b>59,551</b>	<b>65,782</b>	<b>895</b>	<b>-</b>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR

OnePath

OP112QW\_4

FY16	Disaggregated Remuneration \$					
	Base Salary	Annual Bonuses	The accumulated value of deferred bonuses unpaid	The accumulated value of deferred bonuses paid	Any other annual, bonus or deferred remuneration	Reimbursements for expenses
<b>Current Directors</b>						
Director A	47,500					
Director B	97,455					
Director C						
<b>Past Directors</b>						
Director D	45,511					
Director E	57,849					
Director F	19,179		2,185	10,977	200	
Director G	77,390	37,200	6,961	42,052	1,560	
<b>Total</b>	<b>344,884</b>	<b>37,200</b>	<b>9,146</b>	<b>53,029</b>	<b>1,760</b>	<b>-</b>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR

OnePath

OP112QW\_5

FY17	Disaggregated Remuneration \$					
	Base Salary	Annual Bonuses	The accumulated value of deferred bonuses unpaid	The accumulated value of deferred bonuses paid	Any other annual, bonus or deferred remuneration	Reimbursements for expenses
<b>Current Directors</b>						
Director A	47,500					
Director B	97,455					
Director C						
<b>Past Directors</b>						
Director D	57,488					
Director E	57,849					
Director F						
Director G	77,390	57,750	37,896	35,940	1,173	
Director H						
<b>Total</b>	<b>337,682</b>	<b>57,750</b>	<b>37,896</b>	<b>35,940</b>	<b>1,173</b>	<b>-</b>



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR

OnePath

OP112QW\_6

FY18	Disaggregated Remuneration \$					
	Base Salary	Annual Bonuses	The accumulated value of deferred bonuses unpaid	The accumulated value of deferred bonuses paid	Any other annual, bonus or deferred remuneration	Reimbursements for expenses
<b>Current Directors</b>						
Director A	93,400					
Director B	132,475					
Director C	76,072					
<b>Past Directors</b>						
Director D	93,400					
Director E	99,288					
Director F						
Director G	80,400	73,750	54,519	66,809	1,789	
Director H						
<b>Total</b>	<b>575,035</b>	<b>73,750</b>	<b>54,519</b>	<b>66,809</b>	<b>1,789</b>	<b>-</b>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR

OnePath

OP112QW\_7

FY19	Disaggregated Remuneration \$					
	Base Salary	Annual Bonuses	The accumulated value of deferred bonuses unpaid	The accumulated value of deferred bonuses paid	Any other annual, bonus or deferred remuneration	Reimbursements for expenses
<b>Current Directors</b>						
Director A	101,522					
Director B	144,276					
Director C	103,150					
<b>Past Directors</b>						
Director D	83,396					
Director E	106,250					
Director F						
Director G	80,775	40,800	39,735	37,866	1,301	
Director H						
<b>Total</b>	<b>619,369</b>	<b>40,800</b>	<b>39,735</b>	<b>37,866</b>	<b>1,301</b>	<b>-</b>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR

OnePath

c. De-identified disaggregated remuneration for each Board Director, including:

b. De-identified total remuneration for each Board director 2019/20	i. Base salary. 2019/20	ii. Annual bonuses. 2019/20	iii. The accumulated value of deferred bonuses unpaid. 2019/20	iv. The accumulated value of deferred bonuses paid. 2019/20	v. Any other annual, bonus or deferred remuneration information not covered in the previous four points. 2019/20	vi. Reimbursements for expenses. 2019/20
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<i>Current Directors:</i>						
Director F	160,617	160,540	-	-	-	77
Director G	215,140	215,140	-	-	-	-
Director H	154,725	154,725	-	-	-	-
<i>Past Directors:</i>						

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP113QW</b>	Quantify the largest severance package, in dollar figures, that has ever been paid to an employee.
----------------	--

**Response:**

For IOOF Group the largest severance package paid to an employee is \$1,933,634.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP114QW</b>	Self-managed super funds a. Can you please advise whether you manage funds for SMSFs? b. Have you allowed individuals and/or SMSFs to co-invest alongside your investments? c. Do you allow individuals and/or SMSFs to co-invest alongside your investments?
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**Response:**

- a. Not in the Superannuation environment. OnePath manages funds for SMSF's in its capacity as an Investor Directed Portfolio Service (IDPS) operator only.
- b. Individuals and SMSF investors can access some of the same managed investment schemes that are available on the menus of the Fund. Co-investment is not available.
- c. Individuals and SMSF investors can access some of the same managed investment schemes that are available on the menus of the Fund. Co-investment is not available.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP115QW</b>	Please advise whether you manage funds for: a. family trusts? b. trusts? c. registered organisations, and if so which registered organisations?
----------------	--

**Response:**

- a. Not in the Superannuation environment.
- b. OnePath manages funds for SMSF's in its capacity as an Investor Directed Portfolio Service (IDPS) operator only.
- c. SMSF investors can access some of the same managed investment schemes that are available on the menus of the superannuation fund offered by OnePath through the IDPS offering.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

<b>OP116QW</b>	Managing money for related parties a. Do you manage money for any related parties, whether superannuation funds or otherwise? b. If so, which organisations or entities? c. In relation to these organisations or entities: i. Are you aware whether those related parties have assessed the value of these arrangements, relative to best-practice arms-length arrangements available elsewhere, in terms of generating returns for members? ii. Please provide your conflicts of interest policy for managing related party arrangements. iii. Please provide your risk management approach for related party arrangements including line 1, line 2 and line 3 roles.
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#### Response:

- a. IOOF Group includes responsible entities (such as OnePath Fund Management Limited (OPFM)) which offer a range of Managed Investment Schemes (MISs) on the Superannuation platforms of related parties, along with a wide range of third-party MISs, direct securities, Term Deposits and other investment options.
- b. OPFM manages investment funds on behalf of OnePath.
- c.
  - i. OnePath regularly reviews the competitiveness, appropriateness and suitability of its investment offer including comparisons with other arrangements.
  - ii. OnePath has adopted the IOOF Group Conflicts Policy and also has a Conflicts of Interest Policy Schedule which covers, amongst other things the management of related party arrangements. Please refer to Attachments **OP116QW\_1** and **OP116QW\_2**
  - iii The OnePath Board has reserved for their decision approval of related party transactions. Matters that are not reserved for the Board are handled by management in accordance with the Policy and Policy Schedule referred to above.



Creating financial independence since 1846

# IOOF Conflicts Management Framework

Updated April 2019



# Conflicts Management Framework

## What is it?

At IOOF, we have implemented a Conflicts Management Framework to recognise, treat, monitor and manage conflicts of interest. Given the size of our business, the diversity of our products and services and our multiple stakeholder interests, it is important for us to be able to recognise potential and actual conflicts and take all reasonable steps to either avoid or prudently manage them.

The Conflicts Management Framework applies across the whole of our business, but to help meet additional regulatory requirements that are particular to our superannuation businesses, APRA requires us to clearly and separately identify what aspects of the Conflicts Management Framework apply to the superannuation fund trustees (as set out in the Superannuation Trustee Conflicts Management Policy).<sup>1</sup>

To avoid duplication in the documents that make up the framework, but still achieve the overall objective of separately identifying a conflicts management framework for the Superannuation Fund Trustees, being IOOF Investment Management Limited (**IIML**) and Australian Executor Trustees Limited (**AET**), the following structure has been adopted:

- This overarching Conflicts Management Framework document explains the whole framework and how it all fits together.
- We have separate group-wide and superannuation-specific policies for managing conflicts.
- We have one set of policy schedules across the whole framework with requirements classified as applying:
  - group-wide,
  - only to superannuation, or
  - not in a superannuation context (and other applicable contexts).

## What does the Conflicts Management Framework consist of?

The following documents can be accessed via the intranet or by clicking on the links below:

- The Group Conflicts Management Policy
- Superannuation Trustee Conflicts Management Policy
- The Policy Schedules (or Parts of Schedules):
  - Policy Schedule 1: Roles and Responsibilities
  - Policy Schedule 2: Related Parties
  - Policy Schedule 3: Director Role and Responsibilities
  - Policy Schedule 4: Financial Advisory
  - Policy Schedule 5: Compliance Team

Contact the Compliance Team if you want to access the following documents or want further information on the:

- The Register of Potential and Actual Conflicts
- The Gifts, Entertainment and Alternative Remuneration Register
- The Related Party Contracts Register

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<sup>1</sup> A10.1

- The Company Secretary’s Confidential Conflicts Register

The following associated policies available on HQ also reference conflicts requirements:

- IOOF Code of Conduct
- IOOF Governance Framework
- IOOF Responsible Persons Policy– Fitness and Propriety
- IOOF Vendor Management and Outsourcing Policy and Procedures
- IOOF Investment Governance Framework
- IOOF Whistleblower Policy
- IOOF Breach and Incident Manual.
- Applicable Trading Policies

**(Associated Policies)<sup>2</sup>**

The conflicts management framework for the superannuation fund trustees also consists of the AET and IIML publicly available Registers of Relevant Duties and Relevant Interests, which are available by clicking the following link:

[www.ioof.com.au/about-us/about-ioof/trustee-disclosures/ioof](http://www.ioof.com.au/about-us/about-ioof/trustee-disclosures/ioof)

### So where do I look?

This Conflicts Management Framework and the Group Conflicts Management Policy both apply to all employees, contractors or directors of IOOF group companies.

You must also follow and apply the Superannuation Trustee Conflicts Management Policy whenever you are involved in the business of our superannuation fund trustees. The superannuation fund trustees that are currently within the IOOF group are IOOF Investment Management Limited (**IIML**) and Australian Executor Trustees Limited (**AET**). The table below provides a road map to help you identify which other parts of the Conflicts Management Framework you will need to be familiar with, as applicable to your role.

Your Role	Then you need to follow ...
An IOOF employee or contractor	Policy Schedule 1 – Roles and Responsibilities. Policy Schedule 2 – Related Parties Any other applicable group policies including: Code of Conduct Applicable Trading Policies Whistleblower Policy Vendor Management and Outsourcing Policy and Procedures IOOF Breach and Incident Manual

<sup>2</sup> A2.1

A Responsible Person that works for IOOF	<p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>The Responsible Persons Policy – Fitness and Propriety</p> <p>Any other applicable group policies including the applicable Investment Governance Framework</p>
A Responsible Person external to IOOF (such as an auditor or actuary)	<p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>The Responsible Persons Policy – Fitness and Propriety</p> <p>Any other applicable group policies including the applicable Investment Governance Framework</p>
Director of any IOOF group entity	<p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Policy Schedule 3 – Directors Roles and Responsibilities</p> <p>Any other applicable group policies</p>
An IOOF employee involved in the advice process or in a sales role involving provision of benefits to advisers	<p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Policy Schedule 4 – Financial Advisory</p> <p>Any other applicable group policies</p>
A member of the Research or Stockbroking Teams	<p>Policy Schedule 1 – Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Any applicable Investment Governance Framework (Research)</p> <p>Any other applicable group policies</p>
A member of the Product Team	<p>Policy Schedule 1 – Roles and Responsibilities.</p> <p>Policy Schedule 2 – Related Parties</p> <p>The applicable Investment Governance Framework</p> <p>Any other applicable group policies</p>
A member of the Investment Division	<p>Any applicable Investment Governance Framework</p> <p>Policy Schedule 1: Roles and Responsibilities</p> <p>Policy Schedule 2 – Related Parties</p> <p>Any other applicable group policies</p>
A member of the Compliance Team	All policies and Policy Schedules

A reference to a Responsible Person in the Conflicts Management Framework refers to those responsible for the management and oversight of the Superannuation Fund Trustees' business operations, including but not limited to, directors, secretaries, senior managers, appointed auditor and an appointed actuary.



## Training

Training on the Conflicts Management Framework will be provided to ensure everyone has a sound knowledge and understanding of the framework requirements, the process for identifying, managing and reporting conflicts of interest and the associated registers that must be maintained.

A Training and Implementation Plan will be developed by the Compliance Team and rolled out to address the different training needs across the business.

## Review

The Conflicts Management Framework is reviewed internally at least annually and subject to comprehensive review by our internal auditors every 3 years.

## More information

For more information about the Conflict Management Framework, please contact a member of the Compliance Team.

# Conflicts of Interest Policy/Schedule

## Introduction

OnePath Custodians Pty Limited and Oasis Fund Management Limited (**the Trustees**), have adopted the IOOF Conflicts of Interest Policy, and have also adopted a Policy Schedule which sets out additional matters that are pertinent to the Trustees.

## Scope and Application

The Schedule applies in relation to the Trustee entities, to each Responsible Person of the Trustees (as defined in APRA Prudential Standard SPS520), and to all individuals who are directly involved in the businesses of the Trustees.

## Purpose

The Schedule describes the framework designed to ensure that the Trustees identify all potential and actual conflicts in their business operations and takes all reasonably practicable actions to ensure that they are avoided or prudently managed. The conflicts management framework has been developed taking into account the size, business mix and complexity of the business operations of the Trustees.

## What is a conflict?

For the purposes of this document, a reference to a "conflict" is a reference to an actual, perceived or potential conflict:

- between the duties owed by the Trustee, a Responsible Person, or Associate to members, beneficiaries, (**Customers**) and the duties owed by them to any other person;
- between the interests of Customers and the duties owed by the Trustee, a Responsible Person, or Associate to any other person;
- between an interest of the Trustee, a Responsible Person, or an Associate, and the Trustee's duties to Customers (this includes relationships and transactions with related parties);
- between an interest of the Trustee, a Responsible Person, or Associate and the interests of Customers;
- between the interests of two or more Customers to whom the same Trustee, Responsible Person, or Associate have duties; and
- between the interests and/or duties of two or more Trustees, Responsible Persons, or Associates, or any combination of them; and

- between the duties of the Adopting Entity Responsible Person, and their separate duties to, or interests in, each of:
  - their Employer; and/or
  - any related body corporate (within the meaning of section 50 of the Corporations Act) of any entity to which the Adopting Entity Responsible Person owes any duties.

An actual conflict is one that has been identified and determined to exist. A potential conflict is one that may occur at some stage in the future. A perceived conflict is a situation in which a third party could look upon the situation as involving a conflict.

### **Key Obligations**

Under the Schedule the Trustees, Responsible Persons and Associates are responsible for:

- identifying and monitoring conflicts;
- avoiding conflicts where required to do so;
- having in place adequate arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to activities undertaken by the Trustee or their representatives in the provision of financial services as part of the financial services business of the Trustee or their representative;
- when acting for superannuation trustees, where there is a conflict, managing that conflict, or ensuring that the conflict is managed in accordance with the requirements in the *Superannuation Industry (Supervision) Act 1993 (SIS Act)* to give priority to the interests of beneficiaries;
- complying with any APRA prudential standards applicable to the relevant Trustee;
- ensuring that appropriate action is taken in the event of a conflict arising, including on-going evaluation of management of the conflict and provision for escalation or alternative action if required;
- recording in the minutes of board, board committee and other relevant meetings details of each conflict identified and the action taken to avoid or manage the conflict; and
- processes for the development and maintenance of the Registers of Relevant Duties and Relevant Interests and making these publicly available to members.

The Schedule includes processes for undertaking regular and thorough enquiry to identify conflicts arising from the Trustee's relationships, or the relationship of a Responsible Person or Associate, with an existing or prospective service provider or adviser, including those conflicts that have the potential to affect the service provider's performance in respect of the obligations undertaken for the business operations of the Trustee.

Last reviewed: April 2020

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP117QW</b>	Please provide the number of clients by funds under management on behalf of each client, in the following ranges: <ul style="list-style-type: none"><li>• &lt;\$20 million</li><li>• \$20 million - \$50 million</li><li>• \$50 million - \$100 million</li><li>• \$100 million - \$1 billion</li><li>• &gt;\$1 billion.</li></ul>
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**Response:**

- <\$20 million = 565,459 (30 June 2020)

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP118QW</b>	Please list the individual private clients under management (including family trusts) for the following ranges: <ul style="list-style-type: none"><li>• &lt;\$20 million</li><li>• \$20 million - \$50 million</li><li>• \$50 million - \$100 million</li><li>• \$100 million - \$1 billion</li><li>• &gt;\$1 billion.</li></ul>
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**Response:**

- <\$20 million = 565,459 (30 June 2020)



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP119QW</b>	Do you support remuneration disclosure laws in Corporations Law?
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**Response:**

OnePath supports current remuneration disclosure laws in the Corporations Law, and notes that remuneration disclosures for superannuation funds are also required under section 29QB of the Superannuation Industry (Supervision) Act 1993.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP120QW</b>	If you are an investor in any banking institution, have you individually as a fund (or in collaboration with other funds), ever commissioned reports into its valuation in the past decade? a. If so, how many reports and in what year? b. Please provide copies.
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**Response:**

Not applicable.

For completeness it is noted that some OnePath funds may hold shares in listed banking institutions. No reports have been commissioned into valuation of those holdings.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

<b>OP121QW</b>	Please provide details of the process you apply for assessing voting at annual general meetings of listed companies, including: a. The committee appointed to make decisions. b. The committee membership. c. Whether that committee reports to the board. d. What principles guide decision making. e. Whether there is a report to the board about decisions made. f. Whether decisions are made based on the objectives of improving capital value, or social or environmental priorities.
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#### Response:

The IOOF Group includes responsible entities (such as OnePath Fund Management Limited (OPFM)) which offers a range of Managed Investment Schemes (MISs) on the Superannuation platforms of related parties in which OnePath superannuation funds invest.

To the extent that OPFM manages investment funds into which OnePath invests, OPFM relies on the underlying manager, who owns the assets, to vote in the best interests of our clients.

However, OPFM reserves the right to direct how a manager should vote on matters of interest to OnePath and its clients and relevant to our responsible investment beliefs.

In keeping with Industry Standards, OnePath requires an explanation from the managers in circumstances where votes are either abstained from or not lodged. This information is reviewed and published annually.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

<b>OP122QW</b>	In the context of your board: a. What is the process for board appointments? b. Is there a skills matrix completed before board appointments? c. Are any of your shareholders entitled to appoint directors? d. How, if at all, are shareholders represented to the board? e. How, if at all, are shareholders represented within the company?
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#### Response:

- a. The IOOF APRA Regulated Entity Remuneration and Nomination Committee provides recommendations to the OnePath Board regarding any candidates for appointment, with such candidates being appointed as Directors by resolution of the Board. The board of IOOF Holdings Limited or its Group Nominations Committee will also approve proposed appointments of Non-Executive and Executive Directors, prior to any new Non-Executive and Executive Directors being appointed by OnePath.
- b. Yes
- c. IOOF Holdings Ltd (being the Ultimate Holding Company of OnePath) may appoint or remove Directors in accordance with OnePath's Constitution.
- d. Mr. Andrew Bloore is a Non-Executive Director of OnePath and IOOF Holdings Ltd (the Ultimate Holding Company of OnePath). Mr Bloore abstains from voting in circumstances where there is a perceived, potential or actual conflict of interest between the interests of OnePath including superannuation members and the parent company's interests.
- e. A Director of IOOF Holdings Ltd (the Ultimate Holding Company of OnePath) sits on the OnePath Board. In circumstances where there is a conflict between the duties of the OnePath Board owed to the members of the Fund and the duties owed to the shareholder and/or a conflict between the interests of the members of the Fund and the interests of the shareholder, the Director gives priority to the duties owed to and interests of the members of the Fund.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP123QW</b>	<p>Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:</p> <ul style="list-style-type: none"> <li>a. Performance of funds.</li> <li>b. Investment strategies for funds.</li> <li>c. Conflicts of interest for funds.</li> </ul>
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**Response:**

- a. None
- b. OnePath - External Review of Smart Choice – July 2019  
- Conducted by two external parties
- c. None

<b>OP124QW</b>	<p>For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:</p> <ul style="list-style-type: none"> <li>a. The name of the fund.</li> <li>b. The allocation of capital as a percentage of the total capital held by the fund.</li> <li>c. The allocation of capital of the total capital held by the fund.</li> <li>d. The entity managing the capital.</li> <li>e. Whether you are a shareholder in that entity.</li> </ul>
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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

**Response:**

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
Smart Choice Funds	Circa 95%	\$ 14 billion (Lifestage funds + static diversified)	Vanguard Investments Australia Ltd	No

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP125QW</b>	If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.
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**Response:**

Not applicable for OnePath's default MySuper option.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**OnePath**

<b>OP126QW</b>	Please provide details of the following reduction to remuneration packages since 11 March 2020: a. Board members. b. The chief executive. c. Executive management.
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**Response:**

IOOF Group recently announced reductions to remuneration packages for board members and senior management. Refer to Attachment **OP126QW**.

The IOOF Remuneration Committee is currently considering reductions to remuneration packages.



30 July 2020

## **IOOF Q4 2020 FUMA and FY20 business and remediation update**

### **Resilient business model - FUMA grows to over \$200 billion**

#### **Q4 FY20 FUMA update**

**Funds Under Management, Advice and Administration (FUMA)** grew to \$202.3 billion, an increase of \$6.7 billion or 3.4%, for the quarter to 30 June 2020

- **Financial Advice:** \$93 million net outflows (prior comparative period (pcp): \$853 million net outflow).
- **Portfolio & Estate Administration:** \$398 million net inflows, excluding Early Release of Super (pcp: \$561 million net inflow).
- **Investment Management:** \$51 million net outflow (pcp: \$181 million net outflow).
- **Pensions & Investments (P&I):** \$183 million net outflows, excluding Early Release of Super (pcp: outflow profile improving compared to broadly observed flows profile under ANZ ownership).

IOOF Chief Executive Officer, Renato Mota, said, “The milestone of over \$200 billion in FUMA is testament to IOOF’s increased scale and the benefits of the diversification of our business. The transformative acquisition of the P&I business contributes to our business model resilience and will be important as we look to a post COVID-19 recovery and supporting long-term growth in FUMA and earnings.

“The recent recovery in equity markets has been the major contributor to the \$6.7 billion uplift in FUMA and pleasingly, we have continued to attract strong flows into our platforms. That said, the impacts of the COVID-19 pandemic are continuing. Our advisers are seeing first-hand client concern and uncertainty around macro-economic conditions. This client sentiment is particularly apparent through withdrawals associated with the Early Release of Superannuation scheme and subdued flows in Financial Advice.

“The COVID-19 pandemic is causing disruption, and considerable distress to many Australians.

“IOOF was created over 170 years ago with a clear mission to serve the community, particularly those who are most vulnerable. We believe that organisational purpose and obligation to the community is as relevant today as it was then.

“Providing the community with guidance and support is at the core of IOOF. In the face of economic uncertainty and financial stress the value and importance of financial advice, for all Australians, has never been more evident.



“Our advice network has stepped up in these challenging times through participation in IOOF’s Community Offer initiative, which has seen advisers commit to more than 25,000 hours of at-no-cost financial guidance to those that need it the most in their communities.

“As a Board and management team we also recognise that COVID-19 has had an impact on business outcomes and returns to shareholders. In this context, it is appropriate that no discretionary short-term incentives will be paid to the Executive Team for the year to 30 June 2020. In addition, IOOF’s Chairman and I will take a 20% reduction in base pay for 6 months from 1 August 2020. All other IOOF Holdings Ltd Directors and our CFO will take a 10% reduction in base pay for the same period.”

## **Impact of Early Release of Superannuation on net flows**

Payments made under the Early Release of Superannuation scheme from 20 April to 28 June 2020 have impacted Q4 2020 net flows. IOOF (including P&I) has paid 99,174 requests totalling approximately \$743 million in relation to the Early Access to Superannuation scheme:

- IOOF (excluding P&I) has paid 21,818 requests totalling \$170 million.
- The P&I business has paid 77,356 requests totalling \$573 million.

IOOF’s ClientFirst approach ensured that 97% of all payments were paid to clients within 5 business days. For P&I, 83% of payments were made within 5 business days.

## **Segment net flow performance**

### **Financial Advice**

For the June quarter there were net outflows of \$93 million in Financial Advice.

This was primarily the result of off-boarding two advice practices from the ex-ANZ Advice Licensees during the quarter, resulting in \$155 million in outflows.

In addition, there were 12 sub-scale, single adviser, practices off-boarded which had \$115 million of funds under advice in total. This was offset by a number of practices joining the Group.

In a COVID-19 environment, client concern and uncertainty around macro-economic conditions impacted inflows, which were flat.

Mr Mota commented, “In this environment, we have seen rapid changes in client sentiment and market volatility, which has led to previously unseen levels of investor uncertainty and caution.

“The value and importance of advice is heightened in a period of economic uncertainty. Through the IOOF Community Offer, we are supporting our financial advisers as they support those in need in their local communities. For many, the Community Offer will be the first time they have had the opportunity to access professional financial advice. Broadening access to financial advice is a key objective of our financial advice transformation.”

### **Portfolio & Estate Administration**

Portfolio & Estate Administration continued to see significant net inflows of \$398 million (excluding Early Release of Superannuation).

Mr Mota said, “The contemporary IOOF Essential, eXpand and Shadforth Portfolio Service products have continued to grow in popularity with advisers, which is reflected in strong inflow momentum during the quarter. This is particularly pleasing as these products were all developed on our proprietary owned and designed technology platform which is enabling our platform transformation, Project Evolve21.

“We continued to develop and release new functionality on these new products. During the quarter, we released new and enhanced adviser and client reporting, together with enhanced online withdrawal functionality.”

### **Investment Management**

We have seen strong investment performance with the IOOF MultiMix Balanced Growth Trust placed fourth in the Chant West Top 10 performing growth funds for the 2019/20 financial year. IOOF is also a finalist in the Money Management Fund Manager of the Year Awards.

The IOOF MultiSeries, MultiMix sector funds and Cash Management Trusts saw quarterly net inflows, offset by outflows in other investment products.

Mr Mota said, “Our strong investment performance, coupled with increasing demand from financial advisers for outsourced investment management solutions, underpins continued growth in the segment.”

### **P&I**

Following the successful completion of the acquisition of the P&I business, and while still in the early stages of the process, IOOF remains on track with its integration activities. IOOF maintains the previously communicated expectations of total cost synergies of \$68 million pre-tax per annum (to be realised on a run-rate basis by FY22) and an overall one-off integration spend of up to \$130 million pre-tax (\$71 million incurred to date).

### **FY20 update**

Due to the uncertainty created by the COVID-19 environment, IOOF provides an update of the expected result for FY20. All financial information in this announcement is unaudited and subject to final Board approvals.

Based on preliminary unaudited management accounts, IOOF expects to report an FY20 Underlying Net Profit After Tax (UNPAT) of approximately \$128 - \$130 million and an UNPAT from continuing operations of \$123 - \$125 million. This result has been impacted by volatility in financial markets relating to the impacts of COVID-19 pandemic, including:

- The ASX All Ordinaries closed the financial year at 10.4% lower than 30 June 2019, which directly impacts FUMA and revenues.
- Client concern and uncertainty in relation to the macro-economic environment has had a significant impact on flows.
- Substantial outflows due to the Early Access to Superannuation scheme, particularly in the P&I business.

For the 5-month period of IOOF ownership, we expect a total contribution from P&I to IOOF Group UNPAT of approximately \$25 million. This contribution has been adversely impacted by the market decline and reduction in FUMA caused by COVID-19.

IOOF will provide further details on its segment financials and key strategic initiatives when it announces its FY20 results on 31 August 2020.

## **Remediation Provisions and Advice Liabilities**

Work on reviewing IOOF's advice remediation provisions is unaudited and subject to final Board review. Preliminary work undertaken by management indicates that:

- The total of the IOOF Advice review provision (which excludes the ex-ANZ Wealth Management Advice Licensees (ex-ANZ ALs)) is not expected to change materially from \$223 million, including costs. IOOF continues to make progress in relation to its advice review and commenced customer remediation payments during the June quarter.
- The total advice remediation provision relating to the ex-ANZ ALs is expected to increase by approximately \$80 million, however, this will be offset by a corresponding increase in an equivalent receivable from ANZ. This increase is expected to fall within the financial cap of the remediation program arrangements with ANZ. The increased provision is a consequence of a change in methodology relating to adviser categorisation, which now aligns to that used by IOOF.

As previously disclosed, IOOF has arrangements with ANZ with regard to remediation relating to the ex-ANZ ALs.

Under these arrangements, client remediation proposals are made by ANZ, up to October 2022, to affected clients for various types of adviser conduct prior to the completion of the acquisition by IOOF. The total payments made by ANZ are subject to a financial cap. If there were to be a further material increase in the provision, ANZ may not be responsible for making any proposals or payments above the financial cap.

Separate to any remediation program arrangements, ANZ has provided a capped indemnity regarding certain claims by clients made by October 2022 for various types of adviser conduct prior to the completion of the acquisition by IOOF.

Both the above arrangements are subject to various qualifications and limits and do not cover civil penalties, fines and other regulatory actions, nor are such matters included in the IOOF remediation provision.

## **Balance sheet and funding**

IOOF's balance sheet remains strong with total debt facilities of \$670 million. At 30 June 2020, IOOF's leverage ratio is estimated to be 1.3x net debt to pro forma EBITDA<sup>1</sup> subject to finalisation of the annual audit. This includes debt drawn for settlement of the net assets acquired upon completion of the P&I business. This is in line with our target gearing range of 1.0-1.3x net debt to EBITDA. Under the definitions of the debt facilities agreement, pro forma EBITDA is calculated by including P&I ownership as if fully owned from 1 July 2019.

## **FY20 results reporting date**

IOOF will present its full year results to the market on 31 August 2020.

- ENDS -

This announcement was approved for release by the IOOF Holdings Ltd Board.

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<sup>1</sup> The calculation of the leverage ratio excludes AASB16 lease liabilities

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### Funds movement for the three-month period ended 30 June 2020

All amounts \$m	FUMA 31-Mar-20	Acquired/ Divested FUMA <sup>1</sup>	Net flow	Early Access to Super <sup>3</sup>	Pensions	Market/ Other	FUMA 30-Jun-20
Financial Advice	51,772	0	2		-129	2,568	54,213
Ex-ANZ Advice Licensees <sup>2</sup>	17,724	0	-95		-79	-1,227	16,322
<b>Funds Under Advice and Distribution Total</b>	<b>69,496</b>	<b>0</b>	<b>-93</b>		<b>-208</b>	<b>1,341</b>	<b>70,535</b>
<b>Portfolio &amp; Estate Administration</b>	<b>40,051</b>	<b>-553</b>	<b>398</b>	<b>-170</b>	<b>-238</b>	<b>2,500</b>	<b>41,989</b>
<b>Investment Management</b>	<b>21,097</b>	<b>0</b>	<b>-51</b>			<b>1,340</b>	<b>22,386</b>
P&I - Platform	41,608	0	-233	-573	-211	2,676	43,268
P&I - Investment Management	23,303	0	50	-506		1,274	24,121
<b>P&amp;I Total</b>	<b>64,911</b>	<b>0</b>	<b>-183</b>	<b>-1,079</b>	<b>-211</b>	<b>3,950</b>	<b>67,389</b>
<b>Total FUMA</b>	<b>195,554</b>	<b>-553</b>	<b>71</b>	<b>-1,249</b>	<b>-658</b>	<b>9,131</b>	<b>202,297</b>

### Funds movement for the twelve-month period ended 30 June 2020

All amounts \$m	FUMA 30-Jun-19	Acquired/ Divested FUMA <sup>1</sup>	Net flow	Early Access to Super <sup>3</sup>	Pensions	Market/ Other	FUMA 30-Jun-20
Financial Advice	55,735	0	234		-561	-1,195	54,213
Ex-ANZ Advice Licensees <sup>2</sup>	16,130	0	496		-349	45	16,322
<b>Funds Under Advice and Distribution Total</b>	<b>71,865</b>	<b>0</b>	<b>730</b>		<b>-910</b>	<b>-1,150</b>	<b>70,535</b>
<b>Portfolio &amp; Estate Administration</b>	<b>43,747</b>	<b>-553</b>	<b>1,334</b>	<b>-170</b>	<b>-927</b>	<b>-1,443</b>	<b>41,989</b>
<b>Investment Management</b>	<b>22,886</b>	<b>0</b>	<b>-444</b>		<b>0</b>	<b>-57</b>	<b>22,386</b>
P&I - Platform	0	49,112	-654	-573	-351	-4,267	43,268
P&I - Investment Management	0	28,028	-187	-506		-3,214	24,121
<b>P&amp;I Total</b>	<b>0</b>	<b>77,140</b>	<b>-841</b>	<b>-1,079</b>	<b>-351</b>	<b>-7,481</b>	<b>67,389</b>
<b>Total FUMA</b>	<b>138,498</b>	<b>76,587</b>	<b>779</b>	<b>-1,249</b>	<b>-2,187</b>	<b>-10,131</b>	<b>202,297</b>

<sup>1</sup> P&I FUMA as at 31 January 2020. IOOF New Zealand Integral Master Trust divested FuAdmin at 31 March 2020 as per ASX announcement dated 16 April 2020.

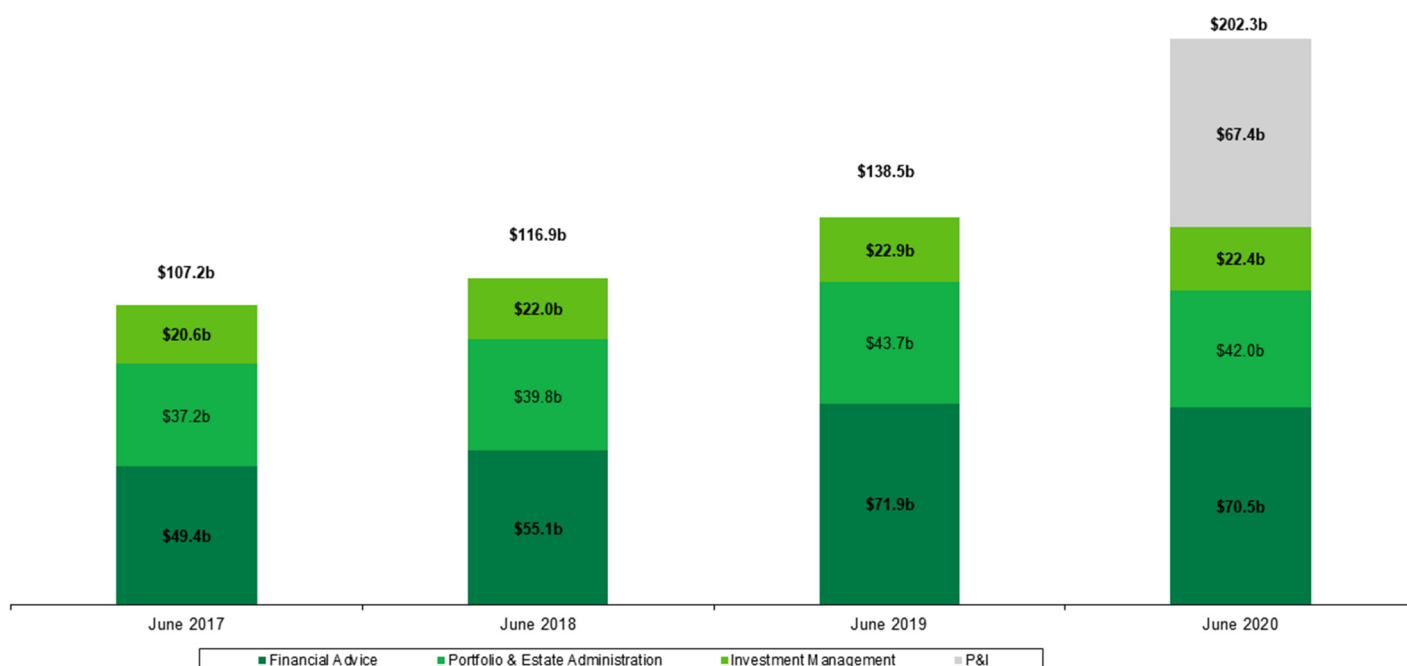
<sup>2</sup> Ex-ANZ Advice Licensees FUMA and flows are one month in arrears

<sup>3</sup> Early Access to Super - Platform data from the period 20 April to 28 June 2020 as reported to APRA. P&I Investment Management data for the period from 20 April to 30 June 2020.

## Divested during the twelve month period ended 30 June 2020

	FUMA 30-Jun-19	Acquired FUMA	Net flow	Pensions	Market/Other	Divested FUMA	FUMA 30-Jun-20
Ord Minnett	11,017	-	310	-	140	-11,467	0

## Funds by Segment



## About IOOF Holdings Ltd

IOOF has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the financial services industry.

IOOF provides advisers and their clients with the following services:

- **Financial Advice** services via our extensive network of financial advisers;
- **Portfolio & Estate Administration** for advisers, their clients and hundreds of employers in Australia; and
- **Investment Management** products that are designed to suit any investor's needs.

Further information about IOOF can be found at [www.ioof.com.au](http://www.ioof.com.au)

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### OnePath

<b>OP127QW</b>	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?
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#### Response:

OnePath has developed core Responsible Investment Beliefs to provide focus and enhance decision making.

Generally, OnePath favours risk assessment and engagement over divestment and believes that Environmental Social and Governance issues can be an opportunity if properly understood and managed.

OnePath encourages fund managers to demonstrate and report on their approach to evaluating carbon risk within their portfolios and to disclose the investment processes to support their views and improve disclosure of material climate change impacts.