

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS REVIEW OF
THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION
SECTOR

AMP

AMP88QW

On 1 January 2020 what was your percentage share and nominal value of your listed and unlisted assets?

Answer

The data for each of the funds below has been extracted from the quarterly fund reporting to APRA, specifically reports SRF 530.0, 530.1 and 320.0. The nominal value and percentage share of listed and unlisted assets for each fund as at 1 January 2020 are as follows:

AMP Superannuation Savings Trust (SST)

	31-Dec-19	
SST	\$m	%
Listed assets	34,427	63.1%
Unlisted assets	15,429	28.3%
Other	4,718	8.6%
Total assets	54,574	100.0%

Super Directions Fund (SDF)

	31-Dec-19	
SDF	\$m	%
Listed assets	1,963	62.3%
Unlisted assets	1,021	32.4%
Other	167	5.3%
Total assets	3,151	100.0%

AMP Retirement Trust (ART)

	31-Dec-19	
ART	\$m	%
Listed assets	9,785	61.6%
Unlisted assets	3,512	22.1%
Other	2,594	16.3%
Total assets	15,891	100.0%

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On 1 January 2020 did your fund have liquidity issues resulting from honouring obligations to members?

Answer

No.

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AMP90QW

What write down, if any, has been made to the value of unlisted assets?

Answer

As previously advised to the Committee¹, the Trustees of the AMP Superannuation Savings Trust, the Super Directions Fund and the AMP Retirement Trust invest the superannuation savings through life policies issued by AMP Life Limited. Then, an investment manager is appointed to look at the composition of and execute on the investment strategy of the funds. AMP Capital are currently the investment manager and they do the due diligence and research to determine how the portfolio of underlying investments will be invested and make their recommendations to AMP Life Limited and the Trustees.

As a result of current economic uncertainty, greater than usual changes in the prices of financial assets across investment markets are being observed. AMP Capital and AMP Life have assessed underlying asset valuations across its portfolios, particularly where underlying assets are valued less frequently. Additionally, the managers of some underlying funds through which the Fund(s) obtain exposure to infrastructure assets and other unlisted property assets have advised that they are revaluing their funds.

Revaluations across private capital, unlisted property and unlisted infrastructure range from -2% to -17% across these asset classes and reflect a combination of valuation adjustments applied by AMP Capital and valuation adjustments applied by the managers of underlying funds.

¹ House of Representatives Standing Committee on Economics, Official Committee Hansard, Australia's four major banks and other financial institutions: superannuation sector, Friday 22 November 2019, transcript; https://parlinfo.aph.gov.au/parlInfo/download/committees/commrep/9b65681d-b479-4126-b38f-675b117434af/toc_pdf/Standing%20Committee%20on%20Economics%202019%2011%2022%207384%20Official.pdf;fileType=application%2Fpdf (page 49)

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AMP91QW

Listed companies holding infrastructure assets have had write downs of around 40 per cent:

- a) How does this compare to your write down of unlisted assets?
- b) If there is a difference, why is there a difference?

Answer

Listed companies holding infrastructure assets have had write downs of around 40 per cent:

- a) How does this compare to your write down of unlisted assets?

Please refer to **AMP90QW** for information relating to unlisted asset revaluations made to date.

- b) If there is a difference, why is there a difference?

AMP believe the valuations are appropriate based on the data and evidence available.

Listed market indices can be used as an indicator of deteriorating market conditions and provide further support for market sentiment of overvalued assets in the sector. However, due to concentration, volatility and leverage characteristics, these are not considered a suitable tool for directly indexing unlisted property or infrastructure valuations.

More specifically, listed markets are a poor proxy for our direct holdings due to:

- not being representative of the sector exposure in our funds;
- different risk profile of our assets; and
- some direct assets that are not accessible via listed markets.

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AMP92QW

Have you had any liquidity issues in honouring your obligations to members as a result of the:

- a) recent decline in the share market?
- b) permission by the Federal government to allow members to remove up to \$10,000 per financial year if they lose their job?

Answer

Have you had any liquidity issues in honouring your obligations to members as a result of the:

- a) recent decline in the share market?

No, AMP has not had any liquidity issues in honouring obligations to members as a result of recent declines in the share market.

Careful management of risks in our superannuation products has always been a priority for AMP, recognising that periods of market volatility are inevitable and part of any market cycle. AMP offers a range of products dependent on the investment requirements of our members. For example, our diversified super investments hold a relatively higher weighting of cash and other defensive assets classes, and lower weighting of illiquid assets.

This is particularly the case for our MySuper Lifecycle investment option, which is deliberately managed to reduce members exposure to risk as they get closer to retirement. For example, our MySuper Lifecycle investment option, designed for members born in the 1950s, currently has an illiquid asset weighting of 6 per cent.

- b) permission by the Federal government to allow members to remove up to \$10,000 per financial year if they lose their job?

AMP maintains strong liquidity across our range of superannuation funds and we fully expect to be able to meet client requests for early release of superannuation.

AMP's superannuation membership base is also highly diverse, with our members working across a range of industries and age demographics. This is helping ensure a balance of inflows and the strong liquidity of our funds, and that we are well positioned to support the government's early access scheme to return funds to members who might be in hardship.

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AMP93QW

What has been the current reduction of the value of your fund, and the unlisted and listed components since 1 January 2020?

Answer

Early in the quarter, before market movements occurred, AMP took a series of defensive investment positions to shield the effects of a potential virus-related market disruption which might unfold. As such, the AMP portfolios withstood the market turmoil relatively well.

The data for each of the funds below has been extracted from the quarterly fund reporting to APRA, specifically reports SRF 530.0, 530.1 and 320.0. The change in the value of listed and unlisted assets for each fund between 1 January 2020 and 31 March 2020 is as follows:

AMP Superannuation Savings Trust (SST)

	Increase (decrease) from December
SST	\$m
Listed assets	(7,531)
Unlisted assets	229
Other	142
Total assets	(7,160)

The reduction in the total asset value for the SST between December 2019 and March 2020 is due to a reduction in investment values attributable to market turmoil (primarily affecting listed assets) as well as the outflows related to Superannuation Fund Transfers (SFTs) for two corporate clients (affecting all asset classes), due to a loss of mandate to another provider.

Super Directions Fund (SDF)

	Increase (decrease) from December
SDF	\$m
Listed assets	(521)
Unlisted assets	67
Other	49
Total assets	(405)

AMP Retirement Trust (ART)

	Increase (decrease) from December
ART	\$m
Listed assets	(2,083)
Unlisted assets	(108)
Other	(203)
Total assets	(2,394)

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AMP94QW

How many members, affected by COVID-19, **have requested the early release of their superannuation** since 12 March 2020, and to what value?

Please also provide monthly updates on the first of the month for the remainder of 2020 to the secretariat.

Answer

A member seeking to access superannuation savings as a result of COVID-19 must apply to the ATO. It is then the responsibility of the ATO to approve or deny a member's request.

AMP is not advised by the ATO of the total number of members requesting early access to their superannuation savings. The ATO will only send any approved requests for payment to the fund.

Therefore, it is not possible for AMP to advise the total number of members requesting early release of their superannuation.

Refer to AMP95QW and AMP95QW.01 for information on the number of members who have had their application for the early release of their superannuation approved by the ATO.

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AMP

AMP95QW

How many members, affected by COVID-19, **have had approved the early release of their superannuation** since 12 March 2020, and to what value?

Please also provide monthly updates on the first of the month for the remainder of 2020 to the secretariat.

Answer

The ATO commenced processing applications by members for early release of superannuation as a result of COVID-19 during April 2020. AMP received the first ATO-approved requests on 21 April 2020.

AMP has provided the number of ATO-approved requests by members for early release of superannuation as a result of COVID-19 for each of the Superannuation Savings Trust (SST), the Super Directions Fund (SDF) and the AMP Retirement Trust (ART), as well as the value of those requests. This information is provided at **AMP95QW.01** and covers the period 20 April to 3 May 2020.

APRA has also requested this information to be provided on a weekly basis and will publish the fund-level data on their website at:

<https://www.apra.gov.au/covid-19-early-release-of-superannuation>

AMP95QW.01

AMP SUPERANNUATION SAVINGS TRUST (SST)

Item	WEEK 1 20/4 - 26/4/20		WEEK 2 27/4/20 - 3/5/20		TOTAL	
	Number of applications #	Value of applications \$	Number of applications #	Value of applications \$	Number of applications #	Value of applications \$
Outstanding ERI payment applications at the beginning of the period	-	-	5,962	44,193,860		
New ERI payment applications received from the Australian Taxation Office during the period	20,105	168,107,753	13,204	106,485,474	33,309	274,593,227
ERI payment applications paid in full during the period	13,696	121,493,155	13,163	113,044,615	26,859	234,537,770
ERI payment applications partially paid during the period	418	2,005,984	1,810	8,116,168	2,228	10,122,151
ERI payment applications closed as they are unable to be processed during the period	24	129,033	242	1,007,345	266	1,136,378
ERI payment applications revoked during the period	5	46,000	9	64,468	14	110,468
Outstanding ERI payment applications at the end of the period	5,962	44,193,860	3,942	27,347,199		

SUPER DIRECTIONS FUND (SDF)

Item	WEEK 1 20/4 - 26/4/20		WEEK 2 27/4/20 - 3/5/20		TOTAL	
	Number of applications #	Value of applications \$	Number of applications #	Value of applications \$	Number of applications #	Value of applications \$
Outstanding ERI payment applications at the beginning of the period	-	-	572	4,810,977		
New ERI payment applications received from the Australian Taxation Office during the period	872	7,116,614	2,219	17,584,180	3,091	24,700,794
ERI payment applications paid in full during the period	277	2,216,832	1,098	9,527,160	1,375	11,743,992
ERI payment applications partially paid during the period	4	25,257	286	1,268,430	290	1,293,687
ERI payment applications closed as they are unable to be processed during the period	19	63,436	41	172,264	60	235,700
ERI payment applications revoked during the period	-	-	-	-	-	-
Outstanding ERI payment applications at the end of the period	572	4,810,977	1,366	11,276,294		

AMP RETIREMENT TRUST (ART)

Item	WEEK 1 20/4 - 26/4/20		WEEK 2 27/4/20 - 3/5/20		TOTAL	
	Number of applications #	Value of applications \$	Number of applications #	Value of applications \$	Number of applications #	Value of applications \$
Outstanding ERI payment applications at the beginning of the period	-	\$ -	4,135	29,049,332		
New ERI payment applications received from the Australian Taxation Office during the period	5,602	\$ 40,903,515	3,775	25,807,619	9,377	66,711,133
ERI payment applications paid in full during the period	1,465	\$ 11,834,182	5,598	44,313,979	7,063	56,148,161
ERI payment applications partially paid during the period	-	\$ -	866	3,026,057	866	3,026,057
ERI payment applications closed as they are unable to be processed during the period	1	\$ 10,000	82	314,768	83	324,768
ERI payment applications revoked during the period	1	\$ 10,000	6	24,332	7	34,332
Outstanding ERI payment applications at the end of the period	4,135	\$ 29,049,332	1,358	6,795,924		

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AMP96QW

If some members, affected by COVID-19, have required the early release of their superannuation since 12 March 2020 and not been approved, please provide details of the grounds on which they have not been approved.

Answer

The ATO assesses all applications from members for early access to their superannuation as a result of COVID-19 and makes the decision to approve or reject an application. The ATO does not report to a fund any details of applications it does not approve. Therefore, AMP is unable to advise the number of applications for early release of superannuation not approved by the ATO, nor the reason for non-approval.

However, within the approved applications received by AMP from the ATO, there are a number of applications AMP has been unable to process. The number of applications unable to be processed for each fund are set out in AMP95QW.01.

The reasons for non-processing include:

- The request was revoked by the ATO
- The ATO requested payment to be delayed/held to allow the ATO to complete further investigations
- The fund no longer held an amount for the member
- The member's entire super benefit in the fund was a defined benefit interest
- The member's benefit in the fund was in a transition to retirement account and the member did not wish to transfer the amount approved for release into an accumulation account from which it could be released
- The member's details on our records did not match the details in the ATO request and we did not hold valid contact details for the member
- There was a suspected fraud
- The member requested withdrawal from a risk-only product (which has no account balance/investment component available for withdrawal) and did not have any other eligible super interest in the Fund
- The member requested withdrawal from a whole of life or endowment product with no available benefit to withdraw
- The member requested withdrawal from an insurance only product which has no account balance/investment component available for withdrawal

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AMP

AMP97QW

Liquidity management:

- a) What is your fund's process for complying with APRA's prudential framework which requires trustees to have a liquidity management plan?
- b) How is the plan being reported to the trustee directors?
- c) Who is responsible for the day-to-day liquidity management for the fund?

Answer

Liquidity management:

- a) What is your fund's process for complying with APRA's prudential framework which requires trustees to have a liquidity management plan?

AMP Superannuation Limited and NM Superannuation Pty Ltd ('the Trustees') have in place a current, board approved Liquidity Management Plan (LMP). A number of procedures under the Trustees' LMP for a liquidity event have been activated due to the events relating to the current market environment.

For the purposes of the LMP, the term liquidity refers to the ability to meet benefit payments, member rollover or transfer requests, and intra-fund investment switching requests from beneficiaries. The Trustee looks at the risk that assets are unable to be converted into cash within a reasonable timeframe (generally within 30 days) without a significant adverse impact on their value, or without compromising the equal treatment of exiting and remaining members in each investment option.

Specifically, the Trustees have:

- Established a working group to coordinate an out-of-cycle assessment of investment options;
- Continued to review the liquidity profile of investment options based on prevailing market conditions. This is above the usual liquidity and stress testing undertaken as part of business-as-usual monitoring activities;
- Increased interactions with fund managers;
- Closed a number of investment options to new choice members. This does not impact default members, only existing choice members; however, there is continual monitoring of these investment options to determine if further action is warranted; Assessed the impact of valuations on direct assets, including the impact they have on diversified investment option offerings and MySuper; and
- Monitored cashflow movements.

b) How is the plan being reported to the trustee directors?

The Trustee, through the Trustee Board Investment Committee, is provided with weekly briefings by the Chief Investment Officer AMP Australia and Chief Investment Officer AMP Life. Briefings include commentary on liquidity, valuations, investment manager activity, and member activity.

c) Who is responsible for the day-to-day liquidity management for the fund?

Investments are held in life policies and in managed investment schemes, with day-to-day liquidity monitoring managed by the relevant investment managers.

The Trustee is monitoring the activities of the investment managers to ensure that the investments held on behalf of members continue to be managed in accordance with stated investment objectives and strategies, including their continued ability to service redemption requests. This includes regular engagement with our investment managers to determine, amongst other things, the type of assets held, their liquidity profile under stressed conditions, and cashflow movements.

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AMP98QW

Since 12 March 2020, has your fund provided any liquidity to:

- a. REST?
- b. Hostplus?
- c. any other superannuation fund?

If so, for each fund, can you provide details of the amount, the date and the terms?

Answer

No, AMP superannuation funds have not provided liquidity to any other superannuation fund since 12 March 2020.

As an investment manager, AMP Capital manages investment funds which provide liquidity in accordance with the investment fund's terms and conditions. AMP Capital's clients include Australian superannuation funds.

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AMP

AMP99QW

Since 12 March 2020, has your fund loaned any cash to:

- a. REST?
- b. Hostplus?
- c. any other superannuation fund?

If so, for each fund, can you provide details of the amount, the date and the terms?

Answer

AMP superannuation funds have not loaned any cash to any external superannuation fund since 12 March 2020.