

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### AustralianSuper

#### AS45QW:

Valuation methodologies:

- a. Have you compared your valuation methodologies and assumptions for unlisted assets with other superannuation funds, and if so, what are the differences?
- b. Are you confident that your valuation methodologies and assumptions for unlisted assets reflect their value to the fund, and how often are they reviewed?
- c. How do you compare your valuations to listed investments, including, but not limited to, whether there is a cross check to stock prices for similar assets?
- d. Have you ever calculated whether there would be a difference between valuations if unlisted assets were listed?

#### Answer:

- a. AustralianSuper's Valuation Standard sets out the Fund's approach to obtaining independent external valuations. The Standard includes a list of market standard or accepted methodologies, from which we expect independent external valuers to utilise those that are the best and most appropriate, whilst complying with applicable valuation professional practice guidelines.  
  
The Valuation Standard is regularly benchmarked against other asset managers and superannuation funds domestically and globally. There are no material differences between the Fund's list of methodologies and those adopted by other organisations that have been used as a comparison.
- b. Yes, the methodology used to value a specific unlisted asset is determined by the independent external valuer appointed by the Fund to value that asset in accordance with applicable valuation professional practice guidelines. Assumptions underpinning that valuation are made by either the independent external valuer or management of the underlying business being valued. Where the assumptions are made by management of the underlying business, they are reviewed by the independent external valuer as part of the valuation process. Upon completion of each independent external

valuation, the valuation report is reviewed by AustralianSuper's asset class team and valuation team prior to being adopted.

The methodologies and assumptions are reviewed by the independent external valuer each time an asset is valued. Pursuant to the Valuation Standard, independent external valuations are undertaken either quarterly, semi-annually or annually (refer to responses to questions in writing number AS8QW and AS9QW) and valuers are rotated from individual assets every three years.

- c. The independent external valuers engaged by the Fund have regard to a range of factors when determining valuations of unlisted assets, including comparable market transactions and the valuations of comparable assets in listed markets.
- d. Yes, differences occur for a range of reasons, many of which relate to asset specific issues, management or the capital structure of listed and unlisted companies.