

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

Colonial First State – CBA Group

CFS67QW: On 1 January 2020 what was your percentage share and nominal value of your listed and unlisted assets?

Answer: The percentage share and nominal value of listed and unlisted assets as at 1 January 2020 are set out below for each of Colonial First State’s superannuation funds. These have been separated by trustee entity:

Colonial First State Investments Limited

FirstChoice Superannuation Trust

Percentage share – listed assets:	99.7%
Percentage share – unlisted assets:	0.3%
Nominal value – listed assets:	\$82,620.51 m
Nominal value – unlisted assets:	\$276.78 m

Commonwealth Essential Super

Percentage share – listed assets:	97.0%
Percentage share – unlisted assets:	3.0%
Nominal value – listed assets:	\$3,828.36 m
Nominal value – unlisted assets:	\$119.57 m

Colonial First State Rollover and Superannuation Fund

Percentage share – listed assets:	100.0%
Percentage share – unlisted assets:	Nil
Nominal value – listed assets:	\$2,738.44 m
Nominal value – unlisted assets:	Nil

Colonial First State Pooled Superannuation Trust

Percentage share – listed assets:	100.0%
Percentage share – unlisted assets:	Nil
Nominal value – listed assets:	\$93.65 m
Nominal value – unlisted assets:	Nil

Avanteos Investments Limited

Avanteos Superannuation Trust

Percentage share – listed assets:	95.6%
Percentage share – unlisted assets:	4.4%
Nominal value – listed assets:	\$9,576.98 m
Nominal value – unlisted assets:	\$438.12 m

Symetry Personal Retirement Fund

Percentage share – listed assets:	98.6%
Percentage share – unlisted assets:	1.4%
Nominal value – listed assets:	\$1,590.86 m
Nominal value – unlisted assets:	\$23.21 m

Encircle Superannuation Fund

Percentage share – listed assets:	78.5%
Percentage share – unlisted assets:	21.5%
Nominal value – listed assets:	\$1,878.90 m
Nominal value – unlisted assets:	\$515.13 m

Star Portfolio Superannuation Fund

Percentage share – listed assets:	100.8%
Percentage share – unlisted assets:	-0.8%
Nominal value – listed assets:	\$542.63 m
Nominal value – unlisted assets:	- \$4.1 m

Note: negative values are due to uncovered short positions and derivatives

Ultimate Superannuation Fund

Percentage share – listed assets:	99.9%
Percentage share – unlisted assets:	0.1%
Nominal value – listed assets:	\$349.59 m
Nominal value – unlisted assets:	\$0.19 m

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Colonial First State – CBA Group

CFS68QW: On 1 January 2020 did your fund have liquidity issues resulting from honouring obligations to members?

Answer: No

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Colonial First State – CBA Group

CFS69QW: What write down, if any, has been made to the value of unlisted assets?

Answer: Of the 3 super funds operated by Colonial First State Investments Limited (CFSIL), only the FirstChoice Super Fund has exposure to direct infrastructure and this is obtained via a fund structure. The proportion of total assets of the fund invested in direct infrastructure is less than 1%. The investments have been held since July 2017. At 31 March 2020 the value of this portfolio of assets was reduced by 1.47% in aggregate. Individual assets had different changes and this depended on the nature of the asset.

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Colonial First State – CBA Group

CFS70QW: 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: The market value of listed infrastructure assets through March experienced substantial reductions. The global infrastructure benchmark used by Colonial First State returned negative 15.9% over the month of March 2020. While this was substantially higher than the reduction in value of the direct infrastructure held by Colonial First State, the differences are due to both the market volatility experienced in March and differences in the type and mix of assets held in listed and unlisted portfolios.

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Colonial First State – CBA Group

CFS71QW: 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: Colonial First State has not experienced liquidity issues from either the recent share market declines or the super early release scheme. It should be noted the early release scheme only commenced on April 20.

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Colonial First State – CBA Group

CFS72QW: What has been the current reduction of the value of your fund, and the unlisted and listed components since 1 January 2020?

Answer: The change in the value of each of Colonial First State’s superannuation funds since 1 January 2020 (as at 31 March 2020) is set out below (negative values represent a reduction; positive values represent an increase). This can include market movement, flows and rebalancing activity.

These have been separated by trustee entity for reference.

Colonial First State Investments Limited

FirstChoice Superannuation Trust

Change in fund value: - \$11,166.98 m
Change in unlisted asset value: \$14.77 m
Change in listed asset value: -\$11,181.75 m

Commonwealth Essential Super

Change in fund value: -\$675.24 m
Change in unlisted asset value: -\$2.07 m
Change in listed asset value: -\$673.17 m

Colonial First State Rollover and Superannuation Fund

Change in fund value: -\$516.56 m
Change in unlisted asset value: N/A (no unlisted assets)
Change in listed asset value: -\$516.56 m

Colonial First State Pooled Superannuation Trust

Change in fund value: -\$19.41 m
Change in unlisted asset value: N/A (no unlisted assets)
Change in listed asset value: -\$19.41 m

Avanteos Investments Limited

Avanteos Superannuation Trust

Change in fund value: -\$1,149.46 m
Change in unlisted asset value: \$192.90 m
Change in listed asset value: -\$1,342.36 m

Symetry Personal Retirement Fund

Change in fund value: -\$272.78 m
Change in unlisted asset value: -\$5.48 m
Change in listed asset value: -\$267.30 m

Encircle Superannuation Fund

Change in fund value: -\$211.12 m
Change in unlisted asset value: \$ 221.36 m
Change in listed asset value: -\$432.48 m

Star Portfolio Superannuation Fund

Change in fund value: -\$124.19 m
Change in unlisted asset value: \$22.78 m
Change in listed asset value: -\$146.97 m

Ultimate Superannuation Fund

Change in fund value: -\$55.82 m
Change in unlisted asset value: \$2.46 m
Change in listed asset value: -\$58.28 m

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Colonial First State – CBA Group

CFS73QW: 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: As at 1 May 2020, the number of members requesting early release of superannuation due to COVID-19 since 12 March 2020 and value of requested redemptions is set out below for each of Colonial First State’s superannuation funds. These have been split by trustee entity for reference.

We note APRA has implemented weekly reporting on the number of members requesting and being provided with early release of superannuation due to COVID-19, including the time taken to process applications. We recommend the Committee seek ongoing reporting from APRA to ensure data is provided from Industry on a consistent basis and to avoid duplication.

Colonial First State Investments Limited

FirstChoice Superannuation Trust

Number of members:	23,676
Value of requested redemptions:	\$185.71 m

Commonwealth Essential Super

Number of members:	30,588
Value of requested redemptions:	\$205.07 m

Colonial First State Rollover and Superannuation Fund

Number of members:	637
Value of requested redemptions:	\$6.07 m

Avanteos Investments Limited

Avanteos Superannuation Trust

Number of members:	245
Value of requested redemptions:	\$2.35 m

Symetry Personal Retirement Fund

Number of members:	41
Value of requested redemptions:	\$0.37 m

Encircle Superannuation Fund

Number of members:	21
Value of requested redemptions:	\$0.21 m

Star Portfolio Superannuation Fund

Number of members:	6
Value of requested redemptions:	\$0.05m

Ultimate Superannuation Fund

Number of members:	17
Value of requested redemptions:	\$0.17m

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Colonial First State – CBA Group

CFS74QW: 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 number of members and value of requested redemptions for early release of superannuation due to COVID-19 have been approved (and paid) since 12 March 2020 (as at 1 May 2020) is set out below for each of Colonial First State’s superannuation funds. These have been split by trustee entity for reference.

To the extent the eligibility for early release of superannuation due to COVID-19 is being assessed by the ATO, all applications received have been approved unless there were administrative errors (such as incorrect bank details) that require member follow up, or where potential fraud has been identified.

As noted in our response to CFS73QW, APRA has implemented weekly reporting on the number of members requesting and being provided with early release of superannuation due to COVID-19, including the time taken to process applications. We recommend the Committee seek ongoing reporting from APRA to ensure data is provided from Industry on a consistent basis and to avoid duplication.

Colonial First State Investments Limited

FirstChoice Superannuation Trust

Number of members:	22,529
Value of paid redemptions:	\$180.40 m

Commonwealth Essential Super

Number of members:	29,780
Value of paid redemptions:	\$201.54 m

Colonial First State Rollover and Superannuation Fund

Number of members: 628
Value of paid redemptions: \$6.00 m

Avanteos Investments Limited

Avanteos Superannuation Trust

Number of members: 138
Value of paid redemptions: \$1.32 m

Symetry Personal Retirement Fund

Number of members: 26
Value of paid redemptions: \$0.26 m

Encircle Superannuation Fund

Number of members: 12
Value of paid redemptions: \$0.12 m

Star Portfolio Superannuation Fund

Number of members: 3
Value of paid redemptions: \$0.02m

Ultimate Superannuation Fund

Number of members: 9
Value of paid redemptions: \$0.09m

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Colonial First State – CBA Group

CFS75QW: 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: Any application that was received prior to April 21 and not through the new compassionate grounds release authority process via the ATO would have been rejected because the member did not meet the old rules under financial hardship or compassionate grounds. Any application received from the ATO from April 21 under the new compassionate grounds release authority will only be rejected in limited circumstances, for example if the application was identified as being fraudulent. Colonial First State strongly supports the creation of this temporary early release under compassionate grounds that will help our members most at need during this time.

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Colonial First State – CBA Group

- CFS76QW:** 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:**
- a. The process varies between trustee entity:

CFSIL

The Investment Governance Framework includes a Liquidity Management Plan which includes regular reporting to support liquidity management. This includes a quarterly liquidity update to the Board Investment Committee and regular updates to the Control Forum on the liquidity indicators.

In addition to the regular liquidity management activities, a number of additional activities as per the Liquidity Management Plan have been implemented as a result of the recent market volatility. These include:

- Additional Control Forums (currently twice weekly) – held to consider current investment markets, market liquidity, unit pricing and valuation, member behaviour (including investment switches and enquiries) and general risks.
- Suspensions Oversight Group (generally twice weekly) – held to consider current liquidity, upcoming liabilities such as distributions and pension payments and investment options with higher liquidity risk, communications and planning for operational activities in the event that a suspension occurs.
- Daily liquidity monitoring report implemented to monitor the current cash balance, flows, foreign exchange loss position (where applicable) and forecast liabilities (i.e. distributions) of investment options to considered to be most at risk of requiring a suspension to be considered. This report is circulated to members of the Control Forums and Suspensions oversight group regularly.

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- Additional Control Forums (currently twice weekly) – held to consider current investment markets, market liquidity, member behaviour (including investment switches and enquiries) and general risks.
 - Suspensions Oversight Group (generally twice weekly) – held to consider current liquidity, upcoming liabilities and investment options with higher liquidity risk, communications and planning for operational activities in the event that a suspension occurs.
- b. A weekly meeting is being held between the trustee directors and management, this includes an update on liquidity and associated risks and activities to support the liquidity management plan. Additionally, the Control Forum minutes are provided to the Board Investment Committee (a sub-committee of the Board).
- c. There are a number of different activities supporting the implementation of the Liquidity Management Plan and the day to day liquidity management of the Superannuation Fund, these activities are generally the responsibility of management within the Product and Fund Services functions.