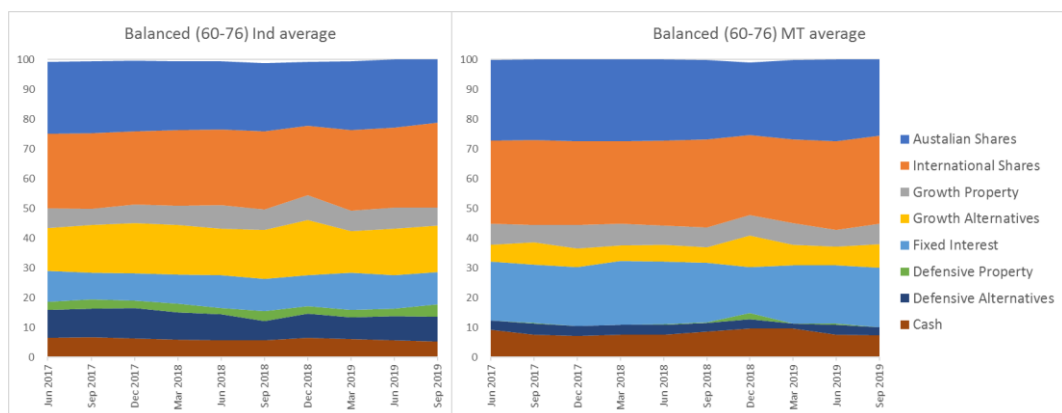


HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

IOOF28QON: What evidence does IOOF have to suggest that the long-term gap between retail fund returns and industry fund returns can be attributed to a lower proportion of retail funds being invested in unlisted assets compared with industry funds?

Answer: Industry funds have historically had a greater exposure to alternatives (the yellow and dark blue shading in the table below), which includes unlisted assets. Master (or retail) trusts have had a greater exposure to fixed interest (light blue shading). This information is based on SuperRatings' Asset Allocation surveys for products with growth assets in the 60 to 76% range (Attachment IOOF28.1QON).



Historically, infrastructure assets have provided low double digit returns, while fixed interest has provided mid-single digit performance (see Attachment IOOF28.2QON). However, there are significant differences in the liquidity of unlisted and fixed interest assets. At IOOF, we put a strong emphasis on the importance of liquidity given the profile of our business and clients, and therefore have not invested more heavily in unlisted assets.

IOOF supports the adoption of consistent and transparent reporting of superannuation structures, allocations, costs and returns. This is necessary to ensure that the industry reports in the same way. This will facilitate awareness and understanding among members.