

RESPONSES TO THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

Review of the four major banks & other financial institutions superannuation

LEG36QW:

How will the overall fund performance be affected if:

- a. The income return of unlisted assets declines?
- b. The fund can no longer purchase unlisted assets onshore?
- c. The fund can no longer purchase unlisted assets offshore?

Answer:

As a long term investor with a relatively young member demographic and strong cash flows, legalsuper's investment strategy is diversified across a wide range of asset classes to support the delivery of strong risk adjusted long term investment returns. As a long term investor, legalsuper's investment strategy recognises that the returns of different investment opportunities will vary over time and will be accessible to different extents in different cycles.

Overall fund performance is expected to be affected as set out below in the following scenarios:

- a. Income return of unlisted assets declines

We would expect that overall fund performance would reduce in proportion to the extent of investment in unlisted investments.

- b. No longer able to purchase onshore unlisted assets

The impact for overall fund performance is difficult to predict with certainty. The relative performance between onshore and offshore unlisted assets would be a key determinant in that if onshore unlisted assets were not available for investment, investments could be made in offshore unlisted assets, subject to them being a compelling investment opportunity.

- c. No longer able to purchase offshore unlisted assets

As for b. above, except investment alternative is to investment in onshore unlisted assets.