



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

MTAA Super

MTAA01QW

Please provide the details of any fund member briefings where it was possible to ask fund managers, executives or directors questions over the past five years.

Answer

The Fund held its first Annual Member Meeting in Melbourne on October 16th, 2019. The meeting addressed the results for the 2019 Financial year and was webcast nationally. The Chairman, the CEO, CIO and CFO presented financial year results, and ongoing strategy items, with members able to ask questions at the meeting or via the internet.





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MTAA Super

MTAA02QW

Details of all ASIC fines and infringement notices incurred over the past five years.

Answer

There have been no fines or infringements in the period.





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MTAA Super

MTAA03QW

The name and company of your auditor for the past five years.

Answer

The auditors' details are listed on the Fund's website and its financial statements which can be found at the attached link. <https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

For the period the relevant audit partners and firms were.

- Mr David Salmon, Deloitte 2015-17; and
- Ms Nicole Osborne, PricewaterhouseCoopers 2018-2020.





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MTAA Super

MTAA04QW

For the past five years the total value in dollars and as a percentage of the total value of a fund:

- a) Listed investments.
- b) Unlisted investments.
- c) Total investments.

Answer

A breakup of the Fund's investments is publicly available in the Fund's financial statements which can be found at this link.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

The investment valuation information can be found in Note 4 of the financial statements, *Fair Value Measurement* which outlines the relevant asset classes and the fair value hierarchy consistent with accounting standards





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MTAA Super

MTAA05QW

For the past five years the total value in dollars and as a percentage of the total return for the fund:

- a. Listed investments.
- b. Unlisted investments.
- c. Total investments.

Answer

The returns for all investment options offered to members are disclosed on the Fund's website at <https://mtaasuper.com.au/super-for-you/manage-your-super/your-investment-options>

The strategic asset allocations and monthly actual allocations for each investment option are also disclosed at this link.

Returns for each investment option for periods of one three and five years are disclosed in the Fund's annual report.

In the 2019 annual report this information is included on pages 41 and 42.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>





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SUPERANNUATION SECTOR

MTAA Super

MTAA06QW

A copy of your asset valuation policy (covering amongst other things independence of valuation, managing conflicts of interest, frequency of valuation, publication of latest valuation timings to members etc).

Answer

A copy of the Trustee's Valuation Policy is attached (MTAA06QW.1).

The Policy is also publicly available at www.mtaasuper.com.au on the following link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>



Valuation Policy (IGF04)

Business Unit: Investment

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Motor Trades Association of Australia
Superannuation Fund Pty Limited
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1. Introduction

- 1.1 This Valuation Policy (Policy) is designed to enable Motor Trades Association of Australia Superannuation Fund Pty Limited (Trustee) to appropriately manage the governance of its investment activities in its capacity as trustee of the MTAA Superannuation Fund (Fund). The Trustee is both a registrable superannuation entity licensee (RSE Licensee) and the holder of an Australian financial services licence (AFS Licensee). As a trustee, the Trustee has an overarching obligation to act in the best interests of the beneficiaries of the Fund.
- 1.2 The Policy forms part of the Trustee's Investment Governance Framework (Framework and IGF01) and should be considered in conjunction with the other policies comprising that framework, in particular the Investment Policy Statement (IGF02). It should also be considered in light of the Trustee's Governance framework.

2. Objective

- 2.1 The objective of this Policy is to ensure that the Fund's investments accurately reflect their net market value at any point in time:
- a. to assure equity among members entering, exiting and continuing with investment options within the Fund; and
 - b. to enable the Trustee to confidently produce financial statements that represent a true and fair view of the net position of the Fund and fulfil the Trustee's regulatory requirements.
- 2.2 This Policy is designed to provide the framework for the Trustee's investment valuation process, which is central to the Trustee's investment strategy and operations, is a key component to the Trustee's unit pricing process and financial statements. This policy outlines the Trustee's approach to valuation issues such as instruction, frequency, and review.
- 2.3 This Policy also provides the guidelines for trigger events and circumstances warranting ad-hoc (i.e. outside of the valuation schedule) re-valuations of unlisted assets.
- 2.4 For clarity, this Policy applies to the valuation of the assets of the Fund with respect to the recording of asset valuations on an ongoing basis, the calculation of unit prices, the preparation of financial statements and the like. This Policy does not apply to the commissioning of valuations or similar evaluations for the purposes of providing the Trustee with second opinions, for making assessments of asset acquisitions or for assessing offers made for Fund assets, or any other special purpose or ad hoc valuation exercises.

3. Overview of this Policy

- 3.1 In accordance with the Trustee's Investment Policy Statement (IGF02), members' funds are invested across a range of asset classes, including listed and unlisted assets.
- 3.2 This includes investments in traditional listed and liquid asset classes such as shares, fixed interest and cash, as well as investments in alternative assets including alternatives credit, property, infrastructure, private equity and other.
- 3.3 Each Investment Option of the Fund represents a different allocation to the listed and liquid asset classes and the alternative asset classes, or in the case of the asset class options, a single asset class. The Trustee utilises a unit pricing methodology to attribute the Fund's net assets to each investment option and then to members. Therefore, it is essential for member equity that the value of net assets is current at any point in time to calculate accurate unit prices for each Investment Option.

- 3.4 As a regulated superannuation fund, MTAA Super is required to follow the valuation requirements established by Australian Accounting Standard Board 1056 (AASB1056) Superannuation Entities. AASB 1056 Superannuation Entities requires assets and liabilities of superannuation entities, other than member liabilities, tax assets and liabilities, acquired goodwill and insurance assets and liabilities, to be measured at fair value.
- 3.5 In determining the fair value measurements and accounting for any transaction costs, a superannuation entity should apply the relevant principles and requirements in other applicable Australian Accounting Standards, including in particular AASB 13 Fair Value Measurement. AASB 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date”.
- 3.6 Given the high transaction costs typically associated with alternative assets and erring on the side of conservatism, the Fund applies a buy/sell spread for all investment options to allocate these transaction costs in an equitable manner, although noting a spread is not currently applied to the Cash investment option.
- 3.7 Sub-section 10(1) of the Superannuation Industry (Supervision) Act 1993 (Cth) (‘SIS Act’) also defines market value as ‘the amount that a willing buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller if the following assumptions were made:
- a. that the buyer and the seller dealt with each other at arm’s length in relation to the sale;
 - b. that the sale occurred after proper marketing of the asset; and
 - c. that the buyer and the seller acted knowledgeably and prudentially in relation to the sale’.
- 3.8 In addition to the requirements of accounting standards and regulatory requirements, in developing this Valuation Policy and its valuation processes, the Trustee has had regard to a range of industry guidance issued in relation to the valuation of unlisted assets (for example the International Private Equity and Venture Capital Guidelines and APRA’s Prudential Practice Guide SPG 531 - Valuation). As outlined in Section 8 below and as set out in the Trustee’s Unit Pricing Policy (IGF05), the NAS Unit Pricing Governing Document: Determination of Unit Prices is integral to the valuation process.
- 3.9 In accordance with the Custodian’s Pricing Policy, all foreign currency denominated assets are recorded in local currency and converted to the Australian dollar equivalent using the London 4pm exchange rate (WM Company/Reuters). Accordingly, all independent valuations of the Fund’s assets are undertaken by the valuers in local currencies.
- 3.10 In valuing the Fund’s investments and financial exposures there are four broad categories of assets which in turn shape the Trustee’s approach to determining net market value for an investment:

Category 1: Listed assets and assets traded on recognised markets (e.g. shares, bonds)

- 3.11 These assets are traded on regulated exchanges or recognised markets. They typically include listed equities, government bonds, traded corporate bonds, short-term money market securities, deposits and foreign exchange contracts. In general, Category 1 investments will be valued at the closing listed price, which by definition represents a gross realisable value. Transaction costs related to sale to settle on the “Net Market value” (see Section 10 – Transaction Costs and Buy Sell Spreads) are then included in the calculations used by the Trustee to determine the buy/sell spread applicable for these assets. These costs are based on an assessment of the expected transactions costs and the historical costs incurred for these assets. These are then applied on a weighted basis to the various investment options holding these assets;

Category 2: Unlisted securities or partnership interests that hold listed assets

- 3.12 These assets typically include unlisted trusts and partnerships that hold listed assets and assets traded on recognised markets (that is, Category 1 assets). For these Category 2 assets, the managers generally quote a redemption value which is based on the market values of underlying traded assets. The Trustee includes these transaction costs related to sale to settle on the “Net Market value” (see Section 10 –

Transaction Costs and Buy Sell Spreads) which are then utilised in the calculation of the buy/sell spread applied to any investment options holding these assets;

Category 3: Externally managed unlisted investments (e.g. private equity funds)

- 3.13 This category typically includes unlisted pooled investments in alternatives credit, property, infrastructure, private equity (including externally managed private equity co-investments) and other assets. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price to the Fund's Custodian. The valuation standards applied by the manager or responsible entity in these valuations typically follow industry guidelines (such as the rules set out in the International Private Equity and Venture Capital Guidelines) or standards set by the constituent documents of the pool or the management agreement.
- 3.14 The Trustee engages its investment advisers to provide oversight services for each Category 3 investment to ensure that the basis of valuation is satisfactory to the Trustee and that the valuations themselves have been carried out according to the relevant standard.
- 3.15 The market value of Category 3 investments should be determined based on the net asset value price or mid-price (where bid and offer prices are reported). The Trustee makes an assessment of any transaction costs related to sale to settle on the net asset value or mid-price (see Section 10 – Transaction Costs and Buy Sell Spreads). Transactional costs may vary across different assets due to differences in complexity and liquidity. These costs are then utilised in the calculation of the buy/sell spread which is applied on a proportional basis across those investment options holding these assets.
- 3.16 It is noted that in some circumstances particular pricing policies for individual classes of investments in Categories 1, 2 and 3 will be determined by the capacity and policies of the Fund's Custodian. In these circumstances Management (with specialist advice from the Fund's Primary Asset Consultant or Property Adviser – collectively referred to as "Advisers") is responsible for reviewing such policies to ensure consistency with the Trustee valuation parameters.

Category 4: Directly held unlisted investments

- 3.17 This asset category includes direct investments in alternatives credit, property, infrastructure and private equity. Category 4 investments also include thinly traded corporate debt securities that are not traded through regulated exchanges or recognised markets (and, therefore, do not fall into the Category 1 definition). In most cases, the valuation of investments in this category will require assessment of their specific cash flows and investment terms, with the valuation often based on comparable transaction parameters and risk adjusted discount rates. In certain cases, where the directly held investment (or underlying investment) has a directly comparable listed counterpart, the Trustee may utilise the listed price of the listed comparable to value the asset in question. For all category 4 investments, the Trustee would generally approve the valuation methodology after considering advice from the Trustee's relevant investment adviser.
- 3.18 Category 4 investments are generally held at cost for the first twelve months of ownership unless there is an apparent change in circumstances which would indicate the need for a new valuation. The costs of acquisition are used as inputs in the calculation of the buy/sell spread which is applied on a proportional basis across those investment options holding these assets. Acquisition costs incurred overseas are calculated at the Australian dollar equivalent value based on the spot exchange rate at the time the expenses are paid as part of the buy/sell spread calculation.
- 3.19 For those direct investments which have a listed comparable, and thus utilise a listed price, the valuation would likely be adjusted before twelve months of ownership with the frequency likely to be significantly higher than those Category 4 investments that have their valuations based on comparable transaction parameters and risk adjusted discount rates.
- 3.20 Since there is no quoted trading or redemption value for most Category 4 assets, the Trustee has established a valuation program to ensure that independent valuations are regularly undertaken for those

assets, generally from their first anniversary unless circumstances otherwise warrant. Independent valuers are engaged by the Trustee or the investee company on an asset by asset basis.

- 3.21 The level of influence the Trustee is able to exert over the timing and selection of a valuer for an investment varies with individual investments and is typically governed by the ownership structure of the asset. The valuation program for Category 4 investments is spread over the course of each year so as to reduce the likelihood of material spikes in the Fund's unit prices that could otherwise result from a concentration of valuations.
- 3.22 Where the Trustee is able to exercise control over the appointment and timing of the valuation process, the independent valuer may be contracted to provide a quarterly or semi-annual update of the valuation, dependent on the variability of cash flows expected for the given asset. For instance, mature, predictable cash flow brownfield infrastructure assets will be re-valued less frequently, yet at least annually. The Trustee also has regard to cost when making a determination over the frequency of valuations to ensure that the benefit to members outweighs the cost of the more frequent valuations. The quarterly or semi-annual update of valuations conducted by the independent valuer following an annual valuation should incorporate any updates to the valuation parameters and the annual valuation model to account for material information available since the previous valuation.
- 3.33 The independent expert valuers will generally express a valuation as a range. However, the respective Valuation Agreements under which the valuers are formally engaged by the Trustee require the valuer to nominate a point estimate in each instance.
- 3.34 Upon receipt of a valuation report the Trustee requests a review of the report by the Fund's Primary Asset Consultant or Property Adviser as relevant. The Adviser will review the valuation report for factual correctness and will provide a recommendation on the valuer's proposed valuation. While this recommendation often aligns with the point estimate of the valuer, the Adviser could in specific circumstances recommend an alternate point within the valuer's range based upon a different view of specific factors apparent in its oversight role for the asset. The Trustee will consider the valuer's report, its Adviser's recommendation and the view of Management in making its decision on an appropriate Trustee valuation for the asset. While the valuation will generally fall within the independent valuer's range, the Trustee acknowledges that this valuation will represent a Directors' or Trustee valuation rather than an independent valuation. Generally, the midpoint is adopted as the point estimate but the Trustee may adopt a different point estimate at its discretion.
- 3.35 In all instances whereby a Directors' or Trustee valuation is adopted, the Trustee will ensure that the following is considered and documented:
- a. the reasons why a Directors' or Trustee valuation was adopted;
 - b. what information has been relied upon in determining the Directors' or Trustee valuation; and
 - c. what the key risks are to the Directors' or Trustee valuation, compared with the independent valuation.
- 3.36 For all Category 4 investments which pay distributions, upon receipt of a distribution, the Fund will instruct the custodian to reduce the carrying value (including the initial cost base for assets yet to be independently valued) by the distribution amount. This approach is consistent with the discounted cash flow valuation methodology applied by the independent valuers, whereby valuations are typically conducted cum of future distributions to equity holders.

Valuation of Multiple Asset Holdings

- 3.37 The Trustee acknowledges that circumstances may arise whereby the Fund may be invested in one or more securities or products that have economic ownership of the same underlying asset. For example, it may have invested directly in an asset and also through a pooled investment which has a stake in the same asset, or through two separately managed pooled investments which are both investors in the same asset. This may result in the Fund implicitly holding its investments in the same asset at differing values.

- 3.38 Where the Trustee becomes aware of such circumstances, the Trustee will seek to understand the key drivers of the differences in value and provided these are deemed reasonable, the Trustee will maintain its policy of utilising the valuation of the independent valuer and/or the manager or responsible entity of the relevant pooled investment. If the Trustee cannot ascertain the drivers of the valuation difference or believes the differences to be unreasonable, the Trustee will adopt the value that it determines to be most appropriate and will consistently apply it to all investments that hold the asset.

4. The role of the Primary Asset Consultant and Property Adviser

- 4.1 The Primary Asset Consultant and Property Adviser are required to provide reports on the performance of Fund assets at least on a quarterly basis. In this report the Advisers will give consideration to the appropriateness of the current valuation of Category 4 assets. Based on this reporting and other available information the Trustee will consider the appropriateness of the valuations of the Fund assets regularly and at least quarterly.
- 4.2 The Trustee is responsible for the instructions and parameters of engagement for independent valuers for Category 4 assets. The role of the Advisers is to provide information and assistance to the valuer where required throughout the process, to review the valuer's report and to make recommendations to the Trustee about the appropriateness of the valuation based upon its own knowledge of the asset and its expertise.
- 4.3 The Advisers' role with respect to the conducting of independent valuations of category 4 assets is as follows:
- a. the respective Adviser assists with the selection and appointment of expert / specialist, independent and formally qualified valuers from recognised valuation practices. This includes the rotation of valuers on a regular basis as required by this Policy. This will generally involve the seeking of multiple proposals / quotations from potential service providers in accordance with the Trustee's Procurement Policy;
 - b. the respective Adviser will make a recommendation to MTAA Super Management regarding valuer appointments, which is then considered by Management under existing delegations;
 - c. the Advisers (working in conjunction with Management as required) will ensure that the valuers are provided with all relevant source information to conduct the relevant valuation exercise;
 - d. the Advisers review draft and final valuation reports and comment on the reports to Management of MTAA Super. This includes provision of a recommendation on the suitability, accuracy and appropriateness of independent property valuations, noting that this does not impede or override the independence of the valuation; and
 - e. the respective advisers are generally not engaged to undertake any unlisted asset valuations for the Trustee. This is not part of the scope of the respective engagements and the roles are explicitly separate to enforce independence.

5. The role of independent valuers

- 5.1 All valuations of Category 4 investments will be undertaken by persons with recognised expertise in such matters, working to written instructions under formal engagements, and providing their valuations in writing. Where feasible, valuers will be rotated so that the same party is not used to value a particular asset over a period greater than three years in most circumstances.
- 5.2 As outlined in Section 4, the Trustee is responsible for the instructions and parameters of engagement for independent valuers. As part of its agreements and instructions to valuers the Trustee requires that a valuer always considers the application of a minority interest discount or control premium to the relevant

asset and fully articulates the factors and evidence supporting the valuer's assessment on the appropriateness of its application in the valuation report.

- 5.3 While the Trustee relies on the reports of independent valuers and experts, it acknowledges that all valuations determined by the Trustee are by necessity, Trustee valuations, and will be documented accordingly.

6. The role of management

- 6.1 Management is responsible for oversight of the valuation process generally and for the appointment of all valuers commissioned by the Trustee.
- 6.2 Management is also responsible for reviewing the independent valuer's report and recommendation, and the recommendation made by the Primary Asset Consultant or Property Advisers as relevant, and in turn making a recommendation to the Trustee after further discussion with the relevant adviser and/or the independent valuer as required. Management will confirm, at the time of recommending any new valuation for any individual asset, that the valuation of the investment is in accordance with this Policy and relevant accounting standards.
- 6.3 It is the responsibility of Management to maintain the Valuation Schedule and keep the Trustee informed of changes to the Schedule.
- 6.4 Management shall also maintain a schedule of transaction costs, which is used as part of the buy/sell spread calculation process, and review its appropriateness at least annually.
- 6.5 Management is responsible for instructing the Custodian to update its pricing for any Trustee valuation of Category 4 assets.

7. The role of the External Auditor

- 7.1 The role of the External Auditor is to provide an opinion on the fairness and reasonableness of the Fund's financial statements as at 30 June each year. In forming such an opinion, the External Auditor will test and review valuations and the process used to arrive at them.
- 7.2 The Trustee requires that its External Auditor has a comprehensive understanding of the Fund's investment approach and the valuation issues that this entails. As such, a significant part of the annual audit is devoted to review of the valuation process and the Fund's investment valuations, particularly for the Category 3 and 4 assets.
- 7.3 In performing its role the External Auditor is required to place reliance on the work of the expert independent valuer, and in doing so exercise professional scepticism and judgement in assessing the work of the expert.
- 7.4 The role of the External Auditor does not require it to prepare a detailed valuation of any asset and it does not have the requisite input information to undertake such a task.
- 7.5 Accordingly, the External Auditor does not provide a second valuation for the Trustee to consider or a second opinion on the valuation the Trustee has adopted.
- 7.6 During the audit process the External Auditor may identify a valuation error or may question a particular aspect of a valuer's report and recommendation on a specific asset. If such an error or issue has a material impact on the financial statements of the Fund, the Trustee would seek advice from its Primary Asset Consultant or other external advisers and may seek a new independent valuation to assist in determining a valuation. This would be undertaken in accordance with Section 11 of this policy.
- 7.7 In other circumstances where a new valuation is not deemed to be necessary, Management may liaise with the independent valuer to further explore the issue raised and take any actions as required to resolve the auditor's query.

- 7.8 As the large audit firms provide valuation services there is significant potential for a conflict of interest and the Trustee seeks to ensure any conflicts are understood and well managed (Statement of Investment Belief 1.2). It is therefore the Trustee's policy that, (where the valuation appointment is within the control of the Trustee) the External Auditor will only undertake a valuation of an asset of the Fund in the following circumstances:
- a. the individual asset value does not, at the time of the new valuation being undertaken, represent more than 1.5% of the total assets of the Fund;
 - b. the aggregate values of all assets being valued by the external audit firm does not, at the time of any asset valuation being undertaken by it, represent more than 3% of the total assets of the Fund, and
 - c. any appointment of the external firm to perform valuations has been evaluated on a merit basis consistent with all other external valuer appointments; and
 - d. the external audit firm provides appropriate assurance to Management regarding the segregation, separation of duties and information protection protocols existing within its business, along with confirmation that no individual from the valuation team has any involvement with the external audit of the Fund.

8. The role of the Custodian

NAB Asset Servicing (NAS) is the Trustee's current appointed Custodian. As part of its custodial service, NAS reports the value of listed and publicly traded investments which it holds on behalf of the Fund. The valuation policies and practices of NAS are set out in its Pricing Policy and by this reference are incorporated into the Trustee's policies and practices. NAS Unit Pricing Governing Document: Determination of Unit Prices, is also integral to the valuation process.

9. Frequency of valuations and valuation schedule

- 9.1 The Trustee is committed to regular (and at least annual) valuations of the assets in the Fund's portfolio. The key advantages of having regular valuations are to secure smoother returns throughout the year due to variation in timing of annual and interim valuations and to promote member equity.
- 9.2 The valuation frequency of the unlisted assets represents a conscious trade-off by the Trustee that aims to ensure member equity, without placing undue costs on the Fund's members.
- 9.3 This trade-off involves a number of considerations which are assessed on a case-by-case basis for each unlisted asset.
- 9.4 In general, pursuit of member equity argues in favour of more frequent valuations, whilst a cost management focus suggests that valuations be conducted less frequently. It is also relevant to consider the size of an investment, as the reasonably fixed nature of valuations costs can impact more greatly on smaller assets.
- 9.5 In determining the appropriate balance between these competing objectives, the Trustee considers the nature and characteristics of each individual asset (as opposed to making a blanket assessment for the individual asset classes) and makes an assessment of the appropriate valuation frequency. For example, a lower volatility defensive asset (such as an income stream or a regulated asset) with a contracted or reasonably certain series of cash flows can reasonably be revalued less frequently. A higher risk, more volatile growth asset would require more frequent valuation.
- 9.6 This assessment acknowledges the concept of 'diminishing returns' arising from more frequent valuations, as, in practice, the valuations of some of the unlisted assets will not generally move greatly over shorter time periods (unless a valuation event specific to the asset, or a material change in the external economic or financial environment has occurred).

- 9.7 Where the Trustee is able to exercise control over the appointment and timing of the valuation process the valuation frequency for each asset will be assessed in consultation with the Primary Asset Consultant or Property Adviser, and then established at the Trustee's determination. The Valuation Agreements entered into with the Independent Valuers all have complete flexibility to vary the valuation frequency at the Trustee's discretion.
- 9.8 Where the Trustee is able to exercise control over the appointment and timing of the valuation process, the independent valuer may be contracted to provide a quarterly or semi-annual update of the valuation, according to the Trustee's determination regarding the benefit to members versus the cost of the more frequent valuations. The updates conducted by the independent valuer in the form of a roll-forward of the annual valuation model should incorporate any updates to the valuation parameters to account for material information available since the previous valuation.
- 9.9 In establishing the frequency of asset valuations and the annual valuation schedule the Trustee will ensure appropriate staggering and rotation of assets across the financial year. This will be done with a view to allocating valuations as evenly across the year where possible, reducing concentration of revised valuations falling on any particular month or quarter end, or at the end of the financial year. For assets where the Trustee has control over timing, valuations are scheduled to ensure they are conducted on month ends which are different to those for which the valuation date is out of the Fund's control.
- 9.10 In doing this, the Trustee is also cognisant of the requirement to have refreshed valuations conducted within a reasonable period of the end of the financial year (30 June), to ensure that the Financial Statements represent a true and fair view of the net position of the Fund at balance date and fulfil the Trustee's regulatory requirements.

10. Transaction costs and buy / sell spreads

- 10.1 As outlined in Section 3 of this Policy, AASB 1056 requires assets and liabilities of superannuation entities, other than member liabilities, tax assets and liabilities, acquired goodwill and insurance assets and liabilities, to be measured at fair value. In this Standard fair value is referred to AASB 13 Fair Value Measurement, where it defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date."
- 10.2 The Fund has implemented a buy/sell spread which considers member equity, as well as AASB13 given the high transaction cost typically associated with alternative assets. When applying a buy/sell spread to the unit pricing across the various investment options, the Trustee has regard to the costs associated with realising all assets, including alternative assets, as well as the weights of those assets within each investment option. The buy / sell spread ensures that existing members are protected, and transacting members receive a price reflective of the transaction costs, in both entering and exiting the investment option.
- 10.3 As such, as part of the unit price process, the Trustee must determine the relevant transaction costs for each asset within the portfolio to ensure equity is preserved across the member base.
- 10.4 Transaction costs are reviewed regularly and at least annually by Management, which will seek advice as required from the Trustee's Primary Asset Consultant or Property Adviser, independent valuers and other qualified external parties.

11. Trigger events ad-hoc revaluations and disposals

- 11.1 In certain circumstances the Trustee may determine it is appropriate to delay, bring forward or otherwise deviate from the valuation schedule for any particular asset (or assets) in the interests of member equity.
- 11.2 Certain material events may result in an asset valuation becoming out of date and thus to be considered inappropriate. Examples of such events could include but are not limited to:
- a. the loss or acquisition of a material supplier for a business;

- b. the failure to meet business projections required to satisfy a loan covenant;
 - c. material refinancing event on fundamentally altered terms (whether adverse or advantageous);
 - d. a change in regulations or government policy which will materially impact on the asset; and
 - e. a material change in the nature of the business.
- 11.3 In these circumstances the Trustee will consider any relevant advice and determine whether the event represents a valuation event or a material impact requiring an ad-hoc valuation outside of the valuation schedule.
- 11.4 If an asset valuation is considered inappropriate because it becomes dated or otherwise unreliable (for example, through the audit process), the Trustee may adopt a revised valuation that may be outside of the previous range advised by the independent valuer. In such circumstances the Trustee would seek the advice of its Primary Asset Consultant or Property Adviser and other external advisers or seek a new independent valuation to assist in determining a revised Trustee valuation.
- 11.5 There are some circumstances in which the Trustee may delay an independent valuation of a Category 4 asset. For example, if an investee company is set to approve a new financial and business plan (or is awaiting the completion of a new financial model which embodies such a plan) or secures a new financing arrangement or a co-investor is seeking to divest, then a scheduled valuation may be held over until this information can be made available to the independent valuer.
- 11.6 There may also be additional circumstances where a different valuation regime may be appropriate. For example:
- a. where an asset has decreased in size to a point where an independent valuation is not economic;
or
 - b. for assets where there is a very clear value path and hence less frequent independent valuations may be appropriate.
- 11.7 In such circumstances, the Trustee will consider a different valuation regime.
- 11.8 Consistent with the valuation agreements with its valuers, the Trustee will communicate to the relevant valuer all material valuation developments of which the Trustee is aware in advance of each valuation. This will include the terms of any bona-fide offers or contemplated transactions involving the relevant asset, subject to any confidentiality constraints. In addition, the Trustee will advise its valuers of completed transactions for assets similar to that which respective valuers value within the Fund's portfolio, subject to any confidentiality constraints.
- 11.9 In all instances the Trustee will act in the interests of ensuring members' equity with consideration to the costs and other impacts for all members.

12. Review of this Policy

- 12.1 This Policy will be reviewed by the Trustee at least annually. The Trustee may also review this policy at any time for any reason, but in particular, where it becomes aware that:
- a. this Policy is out of date;
 - b. this Policy is no longer relevant to the circumstances of the Trustee;
 - c. there are changes to the Trustee's investment strategy;
 - d. there are changes to relevant standards;
 - e. there are changes to out-sourced service providers; or
 - f. there are reasons to believe that this Policy has failed or may fail to ensure the risk management of the valuation process.

Revision History

Version	Reason for amendment	Date approved by Board
1	First Version	31 May 2007
2	Adjusted to reflect changes identified following annual review	26 May 2008
3	Full Policy rewrite to ensure consistency with other Trustee policies and changes recommended by regulator review	18 November 2009
4	Amendments: <ul style="list-style-type: none"> Valuers to be required to consider and report on the application of a minority interest discount or control premium when valuing an asset. Trustee to keep valuers apprised of all material valuation developments (subject to confidentiality constraints) in advance of each valuation. 	26 August 2010
5	Amendments: Adjusted to reflect changes identified following annual review, including clarification of external auditor's role following comments by the regulator.	26 May 2011
6	Amendments: <ul style="list-style-type: none"> To reflect the broadening of valuation methodologies to incorporate the potential use of directly listed comparable pricing. To reflect changes to the Fund's delegated authority to instruct the Custodian in relation to valuations. 	23 August 2012
7	Review and Update to include additional changes for prudential standards. Document reviewed by PwC as part of this process	16 October 2012
8	Amended to reflect changes identified following annual review including an amendment to address the valuation of multiple asset holdings	21 August 2013
9	Amended to reflect the Policy having regard to APRA's Prudential Practice Guide SPG 531	12 September 2014
10	minor changes to the role of the Asset Consultant description, consultant naming changes, enhancements to the valuation process overview and additional clarification on use of the mid-point in response to a query from APRA	3 September 2015
11	Minor changes to update for regulatory changes, accounting standard changes and to reflect the PwC Investment Governance Framework review	25 August 2016
12	Updates ahead of Unit Pricing conversion	4 April 2017
13	Updated to amend threshold for external auditor performed valuations	24 May 2018
14	Updated as part of the annual review and implementation of revised Investment Beliefs	29 August 2019

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MTAA Super

MTAA07QW

Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) wholly owned by the fund or funds under your control, including:

- a. The asset name and location.
- b. The frequency of the revaluation of the asset.
- c. The most recent valuation.
- d. A copy of that valuation.
- e. The methodology used for its valuation.
- f. Whether the valuation was completed internally or externally.
- g. The details of any external party involved in the valuation.

Answer

Details around the individual assets held by the Fund are listed in its annual report. A copy of the 2019 report is at the following link with the listing of assets on Pages 38 and 39.

The top 20 Australian listed holdings are provided on page 40 of the report.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>

The valuation approach to different categories of assets is outlined in the Trustee's Valuation Policy at the following link (and provided at MTAA06QW.1).

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>

Further information around the valuation of investments is also outlined in the Fair Value Measurement note in the Fund's financial statements (Note 4 in 2019). These

statements are available on the Fund's website (www.mtaasuper.com.au) and can be found at this link.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

A key advantage of investing in unlisted assets is the ability to retain and withhold information specific to that asset. The Trustee's position is that to disclose individual valuation information for these assets is likely to be to the detriment of members' interests when it comes to the eventual sale of an asset by better informing the potential buyers of the asset's carrying value.

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MTAA Super

MTAA08QW

Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) partly owned by the fund or funds under your control, including:

- a. The asset name and location.
- b. The frequency of the revaluation of the asset.
- c. The most recent valuation.
- d. A copy of that valuation.
- e. The methodology used for its valuation.
- f. Whether the valuation was completed internally or externally.

Answer

Details around the individual assets held by the Fund are listed in its annual report. A copy of the 2019 report is at the following link with the listing of assets on Pages 38 and 39.

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MTAA Super

MTAA09QW

Details of arrangements for the temporary or permanent use for corporate venue hire (including corporate boxes), including additional non-hire costs such as catering, at sporting venues over the past five years.

Answer

There have been no such arrangements.





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MTAA Super

MTAA10QW

Details of sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements for the past five years.

Answer

MTAA Super is involved in several sponsorship arrangements to both promote the fund, engage its members and potential members and to participate more widely in the community.

This includes the sponsorship of sporting teams and activities, primarily comprising signage, ticketing and advertising through sponsors' digital assets. Industry engagement and community/Charitable Initiatives to support organisations providing valued services for members, such as education and research. MTAA Super receives access to collateral including signage, advertising and member education regarding health and wellbeing and advertising in trade media.

Entities sponsored via the arrangements described are listed in the Table below:

Supercars Australia
Triple Eight Race Engineering
Walkinshaw Racing
Prodrive Racing Australia
Greater Western Sydney Giants
Canberra Raiders
Jake Jones 'Driftsquid'
Craig Lowndes
Mother's Day Classic
Lifeline
RUOK?
Road Safety Education



Australian Prostate Centre
Australian National University (Sol Invictus entry in the Bridgestone World Solar Car Challenge)
Motor Trade Association of Western Australia
Motor Trade Association of South Australia
Victorian Automobile Chamber of Commerce
Tasmanian Automobile Chamber of Commerce
Motor Traders' Association of New South Wales
Motor Trades Association of Queensland
Motor Trades Associations of Northern Territory
Australian Automotive Dealer Association
Institute of Automotive Mechanical Engineers

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MTAA Super

MTAA11QW

Details of costs for advertising campaigns for the past five years, including:

- a. The companies invited to tender for all or parts of any advertising campaign.
- b. The companies awarded campaigns.
- c. The total cost of each campaign.
- d. The cost of the campaign's development.
- e. Broadcasting (television, radio and internet) and publishing costs.
- f. Assessment reports of the efficacy of campaigns in either retaining or gaining new members.

Answer

- a. *The companies invited to tender for all or parts of any advertising campaign.*

MTAA Super has run two mass advertising campaigns over the past five years. Companies invited to tender (as per MTAA Super's procurement process) for creative development of these campaigns included:

- Marcel (Publicis)
- TRP Agency
- The Shannon Company

Additionally, MTAA Super developed a mass campaign in 2019 which was developed by Screencraft.

- b. *The companies awarded campaigns.*

Marcel (Publicis) was awarded the 'It's My Choice' campaign developed to launch MTAA Super's rebrand, running from 2016 -19.

Screencraft developed the 'Retire with us' campaign which commenced in 2019.

(c), (d) & (e) are commercial in confidence.

(f) Assessment reports of the efficacy of campaigns in either retaining or gaining new members.

It's My Choice (targeting awareness/advocacy)

MTAA Super engaged Coredata, and subsequently Kantar TNS to conduct tracking of brand awareness and advocacy pre and post campaign activity. The first two years of the campaign saw substantial success in achieving the objectives of the campaigns, raising awareness and increasing advocacy scores. The third year, with a substantially lower commitment to the campaign, saw poorer results, maintaining awareness scores and marginally increasing advocacy scores.

Retire with Us (targeting retention of current members and acquisition of pension members)

MTAA Super engaged Forethought to assess the efficacy of the campaign, including measurement against key drivers of super fund selection. Both members and non-members who had seen the advertisement gave higher ratings on all drivers of superannuation fund selection.

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MTAA Super

MTAA12QW

Over the last five financial years:

- a. What is the total budget for all costs associated with the fund?
- b. What were the total assets under management?
- c. What are the total number of employees?
- d. What are the total number of contractors?
- e. What are the total number of externally hired contracts, and their value?

Answer

- a. What is the total budget for all costs associated with the fund?*

Actual fund expenditure is disclosed in the Fund's financial statements. Information for the requested period can be found at the following link on the Fund's website.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

The Fund also reports expense information to APRA as part of its annual return.

Information for the last five years can be found in Table 3 of the Annual Superannuation Statistics in columns AR to AY for Investment expenses and BA to BI for Operating expenses. The table can be found at this link.

<https://www.apra.gov.au/sites/default/files/Annual Fund-level Superannuation Statistics Back Series June 2019.xlsx>

- b. What were the total assets under management?*

Total investments are disclosed in the Fund's financial statements which can be found on the Fund's website.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

c. *What are the total number of employees?*

Year end	Full Time Equivalents (FTE)
30 June 2015	44.7
30 June 2016	43.3
30 June 2017	43.3
30 June 2018	49.3
30 June 2019	57.2

The increase over the FY2018 and FY2019 period relates to an increase in employees within the member and advice services area as well as digital communications. In addition, new roles were introduced to mitigate key person risk and ensure succession planning was in place.

d. *What are the total number of contractors?*

In FY2019, the Fund had one contractor

e. *What are the total number of externally hired contracts, and their value?*

In FY2019, the Fund had one contractor, externally hired for a total value of \$311,616

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MTAA Super

MTAA13QW

Over the last five financial years:

- a. What is the total number of member accounts?
- b. What is the total increase in the number of members as a result of the fund's default status?
- c. What is the total increase in the number of members through voluntary adoption or switching?
- d. What was the average member balance?
- e. What was the average dollar amount deducted in insurance fees per member, across all fund products in dollar terms and as a share of a member account?
- f. What was the total number of inactive accounts? (Please use the APRA definition: no contributions for two years)

Answer

- a. *What is the total number of member accounts?*

Member account numbers form part of regular APRA reporting. This can be found in the Annual Fund Level Statistics Backseries Table 2 Column L (SRF 610.1 item 4. (1)). MTA Super information for the period can be found at this link.

<https://www.apra.gov.au/sites/default/files/Annual Fund-level Superannuation Statistics Back Series June 2019.xlsx>

- b. *What is the total increase in the number of members as a result of the fund's default status?*
- c. *What is the total increase in the number of members through voluntary adoption or switching?*

It is not possible to determine whether new accounts are created by default status or not. New MySuper accounts are included in regular APRA reporting. This fund data

can be found in the Annual MySuper Statistics Table 5 Column B (SRF 610.2 item 2. (1)). The link is attached here.

https://www.apra.gov.au/sites/default/files/Annual_MySuper_Backseries_2019_0.xlsx

d. What was the average member balance?

Average member balance forms part of regular APRA reporting. This fund data can be found in the Annual Fund Level Statistics Backseries Table 2 Column N. The link is attached

https://www.apra.gov.au/sites/default/files/Annual_Fund-level_Superannuation_Statistics_Back_Series_June_2019.xlsx

e. What was the average dollar amount deducted in insurance fees per member, across all fund products in dollar terms and as a share of a member account?

Insurance fees form part of regular APRA reporting. This fund data can be found in the Annual Fund Level Statistics Backseries Table 3 Column AD. The link is attached.

https://www.apra.gov.au/sites/default/files/Annual_Fund-level_Superannuation_Statistics_Back_Series_June_2019.xlsx

f. What was the total number of inactive accounts? (Please use the APRA definition: no contributions for two years)

Inactive accounts form part of regular APRA reporting. This fund data can be found in the Annual Fund Level Statistics Backseries Table 11 Column D. The link is attached.

https://www.apra.gov.au/sites/default/files/Annual_Fund-level_Superannuation_Statistics_Back_Series_June_2019.xlsx



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MTAA Super

MTAA14QW

Please provide the one, five, and ten-year net return after fees, costs, and taxes for the primary default MySuper balanced product.

Answer

Returns for the Fund's My AutoSuper investment option (the Fund's default option) for periods of one, five and ten years are disclosed in the Fund's annual report. In the 2019 annual report this information is included on page 42.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>



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MTAA Super

MTAA15QW

Over the last five financial years:

- a. What was the average dollar amount deducted for administration and asset management fees per member, across all fund products? (please do not include insurance fees)
- b. What was the cost (%) of fund administration expenses as a proportion of funds under management?
- c. What was the total cost of in-house administration expenses?
- d. What was the cost of in-house administration expenses as a proportion of funds under management?
- e. What was the total cost of any external administration expenses?
- f. What was the cost of any external administration expenses as a proportion of funds under management?
- g. What was the total cost of any external administration expenses to Related Parties?
- h. What was the cost of any external administration expenses to Related Parties as a proportion of funds under management?
- i. How many staff are employed in roles considered part of the administrative cost?

Answer

- a. *What was the average dollar amount deducted for administration and asset management fees per member, across all fund products? (please do not include insurance fees)*

Administration fees are included in regular APRA reporting. The fund data for the period can be found in the Annual Fund Level Statistics Backseries data Table 6 Column AL. The link is attached.

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

Based on the total administration fees collected (Table 6 Column AL) and the number of member accounts (Table 2 Column L) the average administration fee per member account in 2019 was approximately \$170. This is consistent with the derived administration fee for the average member balance of \$60,000 in the APRA statistics.

The Fund’s current fee arrangements can be found in its PDS.
<https://mtaasuper.com.au/-/media/consumer/files/disclosure/mtaa-super-guide-super-20200229.ashx?la=en>

Current Investment Fees are as follows.

Conservative	0.38%
Income Focussed	0.57%
My AutoSuper/Balanced	0.58%
Growth	0.58%
Cash	0.07%
Australian Shares	0.16%
International Shares	0.64%
Diversified Fixed Interest	0.27%

The total investment fee for each of MTAA Super's investment options is made up of:

- Base investment costs
- Performance-related fees (paid to some investment managers when the relevant manager produces investment returns that exceed agreed targets), and
- Transactional and operational costs

The Fund’s Administration fee is \$1.50 per member per week plus 0.15% p.a. of the member’s account balance up to a total Administration fee of \$528.00 per annum.

If the member’s account balance is less than \$6,000, the total combined amount of administration fees, investment fees and indirect costs charged is capped at 3% of the account balance. Any amount charged in excess of that cap is refunded.

On a \$50,000 balance in the My AutoSuper (Balanced) option a member will be charged \$290 each year in investment costs (0.58%), plus \$153.00 in administration fees (\$1.50 a week (regardless of account balance) plus \$75 (0.15% p.a. of the account balance)). The total cost is \$443.

- b. *What was the cost (%) of fund administration expenses as a proportion of funds under management?*

2015	0.23%
2016	0.18%
2017	0.14%
2018	0.13%
2019	0.13%

- c. *What was the total cost of in-house administration expenses?*

Administration has been outsourced for the period

- d. *What was the cost of in-house administration expenses as a proportion of funds under management?*

Nil

- e. *What was the total cost of any external administration expenses?*

Administration expenses are included in regular APRA reporting. This fund data can be found in the Annual Fund Level Statistics Backseries data Table 3 Column BA. The link is attached.

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

- f. *What was the cost of any external administration expenses as a proportion of funds under management?*

2015	0.23%
2016	0.18%
2017	0.14%
2018	0.13%
2019	0.13%

- g. *What was the total cost of any external administration expenses to Related Parties?*

External Administration services are provided by Australian Administration Services Pty Limited

h. What was the cost of any external administration expenses to Related Parties as a proportion of funds under management?

N/A

i. How many staff are employed in roles considered part of the administrative cost?

The Trustee office employs three staff to oversee its external administration.



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MTAA Super

MTAA16QW

What is the total number of statutory fines over the past five years?

Answer

There have been no statutory fines over the period.



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MTAA Super

MTAA17QW

Over the last five financial years:

- a. The number of rollover requests that the fund did not pay out to another fund for each year?
- b. The average dollar value of a rollover for each year?
- c. The value of any clawback accounts and/or funds held that is used to hold funds between financial years?

Answer

- a. *The number of rollover requests that the fund did not pay out to another fund for each year?*

The Trustee has a legal requirement to process legitimate rollover requests. The only rollover requests that may have been withheld by the Fund are those that have had a valid Superstream rejection or in instances where there maybe concerns around identification of the member.

- b. *The average dollar value of a rollover for each year?*

Information on the Fund's inward and outward rollovers is publicly available in the APRA Fund level statistics.

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

The dollar value of Outward rollovers is included in Table 3 Column Q of this information and Inward rollovers are at Column N. The data also includes the number of outward rollovers in Table 10 Column V.

- c. *The value of any clawback accounts and/or funds held that is used to hold funds between financial years?*

Not applicable



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MTAA Super

MTAA18QW

- a. Does the fund maintain a reserve at least partially funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance?
- b. The total value of that reserve?
- c. The total value of tax rebates received from the ATO on insurance premiums?

Answer

MTAA Super does not maintain an Insurance Reserve. Nor does MTAA Super receive any rebates from the ATO, however it claims a 15% tax deduction for the cost of insurance fees incurred by members, and this is passed back to insured members' accounts resulting in a lower net insurance fee.





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MTAA Super

MTAA19QW

The number of trusts or investment vehicles the fund controls in each of the low tax regions, including but not limited to Andorra, the Bahamas, Belize, Bermuda, the British Virgin Islands, the Cayman Islands, the Channel Islands, the Cook Islands, Hong Kong, the Isle of Man, Mauritius, Lichtenstein, Luxembourg, Monaco, Panama, St Kitts and Nevis? Or tax efficient arrangements such as a 'double Dutch sandwich'?

Answer

The Fund does not control any entities domiciled in those jurisdictions or other low tax regions.



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MTAA Super

MTAA20QW

- a. The number of accounts that have been transferred to the ATO as a result of 'Protecting your Super' legislation?
- b. The value of the money that will be paid to the ATO as a result of the 'Protecting your Super' legislation?
- c. The number of accounts that has been transferred into an eligible rollover fund in the 2019 financial year?
- d. The value of the money that has been transferred into an eligible rollover fund in the 2019 financial year?

Answer

The Fund transferred 131 member accounts with a balance of \$232,300 to the ATO in October 2019 as a result of the 'Protecting your Super legislation'.

A total of 25,161 member accounts with a total balance of \$52,339,124 were transferred to an eligible rollover fund in the 2019 financial year.

The large transfer to an eligible rollover fund in 2019 was a decision of the Trustee taken following a detailed analysis of members' best interests to mitigate inactive account balance erosion.

The Trustee's position had been determined prior to the passing of the 'Protecting your Super legislation' in February 2019, and substantive work had been undertaken in preparing the transfer of members to that time. With the passing of PYS, the Trustee then undertook a further evaluation of the potential outcome to members in each of the scenarios of;

- (1) retaining members in the Fund;
- (2) transferring members to an eligible rollover fund (ERF); or
- (3) sending members to the ATO.

Based on this analysis the preferred outcome for those members was to transfer the inactive accounts to an ERF on the basis that;

- the net investment return in the ERF was likely to be greater;
- there was an established mechanism for auto-consolidation to active accounts via the ERF, while it was still uncertain as to the mechanism that the ATO would apply to reunite members with an active account; and
- transferring inactive accounts to the ERF would result in earlier fee savings for members due to the ATO not being able to accept eligible inactive accounts until prescribed dates.

Accordingly, the Trustee considered that it remained appropriate and in members best interest to continue with the transfer, which then commenced in May 2019.



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MTAA Super

MTAA21QW

Have you ever made a donation and/or subscription fee to the ACTU Member Connect and/or ACTU Superannuation Partnerships program, and if so, to what value over the past five years?

Answer

No donations have been made.





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MTAA Super

MTAA22QW

Does the fund pay any external consultants for any advocacy and communication services, and if so can you please name them and the costs incurred over the past five years?

Answer

No - the Fund does not pay any external consultants for any advocacy and communication services.



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MTAA Super

MTAA23QW

- a. How many staff are employed for the purpose of policy research or analysis?
- b. How much was spent on engaging external policy and data analysis consultants?
- c. How much was spent on membership of industry advocacy organisations that provide policy and data analysis service to member funds?

Answer

- a. *How many staff are employed for the purpose of policy research or analysis?*

No staff are employed for policy research or analysis

- b. *How much was spent on engaging external policy and data analysis consultants?*

Nil

- c. *How much was spent on membership of industry advocacy organisations that provide policy and data analysis service to member funds?*

MTAA Super is a member of a number of industry bodies. Membership enables the Fund to participate in policy discussions and be informed of regulatory and other change to enable the Fund to better make decisions in its members' interests.

Currently MTA Super is a member of:

- Association of Superannuation Funds of Australia (ASFA);
- Australian Institute of Superannuation Trustees (AIST);
- Industry Super Australia (ISA); and
- Australian Council of Superannuation Investors (ACSI)

The commercial arrangements between MTA Super and these organisations are commercial in confidence.

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MTAA Super

MTAA24QW

In the context of building investments:

- a. Have you completed assessments of the prevalence of flammable cladding across some properties?
- b. Have you completed assessments of the prevalence of flammable cladding across all properties?
- c. Have you taken any remediation to reduce your exposure to risk to identify flammable cladding, and if so, what?
- d. Have you taken any remediation to reduce your exposure to risk to remove flammable cladding, and if so, what?
- e. Do you hold any properties where insurance has been refused or are uninsured due to defective building construction such as cladding?

Answer

The Trustee continuously monitors risk events that have the potential to affect the value of the portfolio, each investment option, asset classes and individual assets. Accordingly, assessments are currently being finalised to determine the potential risk and any impact to the Fund's property portfolio arising from combustible cladding.

Inspections of each property asset have been completed and summary reports are being prepared.

There are no properties where insurance has been refused or are uninsured due to defective building construction such as cladding. All property assets have been continuously insured.



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SUPERANNUATION SECTOR

MTAA Super

MTAA25QW

- a. What external parties manage your investments, if any?
- b. What are the fee structures per member from external management?

Answer

A list of the current external investment managers is disclosed on the Fund's website. The link is <https://mtaasuper.com.au/about-us/how-we-operate/our-service-providers>

Investment Fees for each investment option are outlined in the Fund's PDS.

<https://mtaasuper.com.au/-/media/consumer/files/disclosure/mtaa-super-guide-super-20200229.ashx?la=en>

Fee arrangements generally include a base fee and in some cases performance fees. Performance-related fees are paid to some investment managers when the relevant manager produces investment returns that exceed a pre-agreed target, with various clawback and deferral structures in place. In all instances fee structures are aligned to members' interests.



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SUPERANNUATION SECTOR

MTAA Super

MTAA26QW

Governance:

- a. How many trustee board members did the fund have?
- b. What was the total salary of all trustee board members?
- c. What was the average salary of all trustee board members?
- d. Are there any performance-based assessments that determine trustee board remuneration, and if so what are they?
- e. What was the salary of the trustee board chair?
- f. What was the average length of service of all trustee board members?
- g. What is the length of service of the longest serving trustee board member?
- h. Are trustee board members asked whether they have conflicts of interest at each meeting, and if not, why not?
- i. What is the conflict of interest policy for trustee board members?
- j. Does your fund have a policy on gender diversity and/or balance for listed companies?
- k. Does your board have gender balance?

Answer

- a. *How many trustee board members did the fund have?*

The MTAA Super Board comprises nine Directors:

- three Member Representative Directors (two Member Nominated Directors and one Union Nominee Director)
- three Employer Representative Directors, and
- three Independent Directors

b. What was the total salary of all trustee board members?

Trustee remuneration is disclosed in the Fund's annual report and on the Fund's website. 2019 Director fees are at Page 54 of the 2019 annual report which is at this link.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>

c. What was the average salary of all trustee board members?

Trustee remuneration is disclosed in the Fund's annual report and on the Fund's website. 2019 Director fees are at Page 54 of the 2019 annual report which is at this link.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>

d. Are there any performance-based assessments that determine trustee board remuneration, and if so what are they?

Remuneration does not include performance, however consistent with APRA requirements the Board does have regular performance assessments.

e. What was the salary of the trustee board chair?

Trustee remuneration is disclosed in the Fund's annual report and on the Fund's website. 2019 Director fees are at Page 54 of the 2019 annual report which is at this link.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>

f. What was the average length of service of all trustee board members?

Director tenure is disclosed in the Fund's annual report. Tenure as at June 2019 is disclosed at pages 45 to 47 of the 2019 annual report which is at this link.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>

A summary of tenure as at 30 June 2019 was as follows;

0-3 years:	3	(33%)
3-6 years:	2	(22%)
6-9 years:	3	(33%)
9 -12 years:	1	(11%)

g. What is the length of service of the longest serving trustee board member?

As at 30 June 2019 the longest serving director's tenure was nine years and seven months. Tenure as at June 2019 is disclosed at pages 45 to 47 of the 2019 annual report which is at this link.

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>

h. Are trustee board members asked whether they have conflicts of interest at each meeting, and if not, why not?

Yes

i. What is the conflict of interest policy for trustee board members?

The Trustee has a Conflicts Management Framework which is designed to enable it to appropriately manage relevant conflicts of interest and duties that may arise.

The framework requires that that all responsible persons disclose any potential or actual conflicts of interests or duties. Responsible persons include all Directors, the CEO, all Executive Managers, the Risk Manager, the Investment Risk Manager and the External Auditor.

All responsible persons are obliged to notify the Trustee of potential conflicts as they arise and annually. Any disclosures made are then assessed by the Trustee's Conflicts Officer and if necessary, appropriate conflict management measures are put in place – this will normally involve disclosure, control or avoidance of the relevant conflict. The Trustee Board must also evaluate and approve the effectiveness of the conflict management processes under the CMF. The conflicts management process is required to be monitored and is subject to review (internally and independently).

The Conflicts Officer is also required to record all relevant conflicts in the relevant register. The conflict register (of interests and duties) is available on the Fund's website.

- j. Does your fund have a policy on gender diversity and/or balance for listed companies?*

The Fund has input into the policy program and policy positions of the Australian Council of Superannuation Investors (ACSI), as a foundation member of that organisation. The Fund aligns itself with the resultant policy positions, which does include metrics regarding gender diversity on boards of listed companies. This policy position is then pursued through the Fund's proxy voting activities, and through engagement activities, whereby listed investee companies are directly approached and engaged with, and the expectations of shareholders are communicated.

- k. Does your board have gender balance?*

The Trustee is committed to achieving a gender balance on the Board of 44% of each gender (that is, four out of a total of nine directors). The gender balance of the Board during the 2018/19 financial year (five men and four women) met the Trustee's gender diversity commitment for membership of the Board



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MTAA Super

MTAA27QW

In the context of the ACCC's legal action and question for competition in monopoly infrastructure entities:

- a. What are the implications for infrastructure investment returns if the ACCC is successful in its legal action?
- b. Have you analysed your infrastructure investment portfolio to examine the risk of ACCC action to reduce anti-competitive monopoly of oligopoly pricing?
- c. If so, can you provide details of the likely impact, and what is the project impact on revenue and income?

Answer

The Trustee continuously monitors matters that have the potential to affect the value of the portfolio, each asset class and investment option. We note that this matter is currently before the Court and it would be premature to speculate on its implications.



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SUPERANNUATION SECTOR

MTAA Super

MTAA28QW

In dollar terms, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?

- a. Investment fees
- b. Administration fees
- c. Indirect costs
- d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
- e. An aggregate total of all fees mentioned above.

Answer

The current fees by Investment Option for accumulation products and pension products are listed in the following tables. Please note that all investment costs for the Fund are disclosed under Investment Fees, hence there are no amounts disclosed under Indirect Costs.



Table of Current Fees per member account balance per current PDS – Accumulation options

Account Balance ->	Investment Fees (a)			Administration Fees (b)			Indirect Costs (c)			Total Fees (e)		
	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000
<u>Investment Option</u>												
Conservative	\$23	\$190	\$570	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$110	\$343	\$873
Income Focussed	\$34	\$285	\$855	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$121	\$438	\$1,158
My AutoSuper	\$35	\$290	\$870	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$122	\$443	\$1,173
Growth	\$35	\$290	\$870	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$122	\$443	\$1,173
Cash	\$4	\$35	\$105	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$91	\$188	\$408
Australian Shares	\$10	\$80	\$240	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$97	\$233	\$543
International Shares	\$38	\$320	\$960	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$125	\$473	\$1,263
Diversified Fixed Interest	\$16	\$135	\$405	\$87	\$153	\$303	\$ -	\$ -	\$ -	\$103	\$288	\$708





Table of Current Fees per member account balance per current PDS – Pension options

Account Balance ->	Investment Fees (a)			Administration Fees (b)			Indirect Costs (c)			Total Fees (e)		
	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000
<u>Investment Option</u>												
Conservative	\$23	\$190	\$570	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$107	\$318	\$798
Income Focussed	\$34	\$285	\$855	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$118	\$413	\$1,083
My AutoSuper	\$35	\$290	\$870	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$119	\$418	\$1,098
Growth	\$35	\$290	\$870	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$119	\$418	\$1,098
Cash	\$4	\$35	\$105	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$88	\$163	\$333
Australian Shares	\$10	\$80	\$240	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$94	\$208	\$468
International Shares	\$38	\$320	\$960	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$122	\$448	\$1,188
Diversified Fixed Interest	\$16	\$135	\$405	\$84	\$128	\$228	\$ -	\$ -	\$ -	\$100	\$263	\$633



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MTAA Super

MTAA29QW

As a percentage of the value of the member account, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?

- a. Investment fees
- b. Administration fees
- c. Indirect costs
- d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
- e. An aggregate total of all fees mentioned above.

Answer

The current fees by Investment Option for accumulation and pension products are listed in the following tables as percentage amounts of the member balance. Please note that all investment costs for the Fund are disclosed under Investment Fees, hence there are no amounts disclosed under Indirect Costs.



Table of Current Fees as a percentage of member account balance per current PDS – Accumulation options

Account Balance ->	Investment Fees (a)			Administration Fees (b)			Indirect Costs (c)			Total Fees (e)		
	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000
<u>Investment Option</u>												
Conservative	0.38%	0.38%	0.38%	1.45%	0.31%	0.20%	Nil	Nil	Nil	1.83%	0.69%	0.58%
Income Focussed	0.57%	0.57%	0.57%	1.45%	0.31%	0.20%	Nil	Nil	Nil	2.02%	0.88%	0.77%
My AutoSuper	0.58%	0.58%	0.58%	1.45%	0.31%	0.20%	Nil	Nil	Nil	2.03%	0.89%	0.78%
Growth	0.58%	0.58%	0.58%	1.45%	0.31%	0.20%	Nil	Nil	Nil	2.03%	0.89%	0.78%
Cash	0.07%	0.07%	0.07%	1.45%	0.31%	0.20%	Nil	Nil	Nil	1.52%	0.38%	0.27%
Australian Shares	0.16%	0.16%	0.16%	1.45%	0.31%	0.20%	Nil	Nil	Nil	1.61%	0.47%	0.36%
International Shares	0.64%	0.64%	0.64%	1.45%	0.31%	0.20%	Nil	Nil	Nil	2.09%	0.95%	0.84%
Diversified Fixed Interest	0.27%	0.27%	0.27%	1.45%	0.31%	0.20%	Nil	Nil	Nil	1.72%	0.58%	0.47%





Table of Current Fees as a percentage of member account balance per current PDS – Pension options

Account Balance ->	Investment Fees (a)			Administration Fees (b)			Indirect Costs (c)			Total Fees (e)		
	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000	\$6,000	\$50,000	\$150,000
<u>Investment Option</u>												
Conservative	0.38%	0.38%	0.38%	1.40%	0.26%	0.15%	Nil	Nil	Nil	1.78%	0.64%	0.53%
Income Focussed	0.57%	0.57%	0.57%	1.40%	0.26%	0.15%	Nil	Nil	Nil	1.97%	0.83%	0.72%
My AutoSuper	0.58%	0.58%	0.58%	1.40%	0.26%	0.15%	Nil	Nil	Nil	1.98%	0.84%	0.73%
Growth	0.58%	0.58%	0.58%	1.40%	0.26%	0.15%	Nil	Nil	Nil	1.98%	0.84%	0.73%
Cash	0.07%	0.07%	0.07%	1.40%	0.26%	0.15%	Nil	Nil	Nil	1.47%	0.33%	0.22%
Australian Shares	0.16%	0.16%	0.16%	1.40%	0.26%	0.15%	Nil	Nil	Nil	1.56%	0.42%	0.31%
International Shares	0.64%	0.64%	0.64%	1.40%	0.26%	0.15%	Nil	Nil	Nil	2.04%	0.90%	0.79%
Diversified Fixed Interest	0.27%	0.27%	0.27%	1.40%	0.26%	0.15%	Nil	Nil	Nil	1.67%	0.53%	0.42%





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SUPERANNUATION SECTOR

MTAA Super

MTAA30QW

To the extent that any of the fees and costs listed in the previous two questions are paid to a related entity or associate of the trustee, or any of their respective related entities or associates, please set out the function performed or service provided by that person, and the amount (total quantum) paid to that entity or person at a whole-of-fund level.

Answer

All related party expenses are disclosed in the Fund's financial statements which are provided on the Fund's website. The link is attached.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

The Related Parties disclosures are at Note 16 pages 21-24 of the 2019 financial statements

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>



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SUPERANNUATION SECTOR

MTAA Super

MTAA31QW

For the past five years:

- a. What was the total cost of all advertising and/or marketing?
- b. What was the total cost of all advertising and/or marketing per member?
- c. What was the total cost of all advertising per new (FY19) member?
- d. What was the total cost of all television advertising and/or marketing?
- e. What was the total cost of all radio advertising and/or marketing?
- f. What was the total cost of all print advertising and/or marketing?
- g. What was the total cost of all online advertising and/or marketing?
- h. How many in-house staff are employed in advertising and marketing roles?
- i. How much was spent on engaging external advertising and marketing consultants?
- j. Do you advertise and/or directly financial contribute to the New Daily?

Answer

- a. *What was the total cost of all advertising and/or marketing?*

Advertising is aimed at retaining, attracting and informing members within a competitive choice superannuation environment.

Table 3 Column BC of the APRA Fund Level Statistics shows advertising and marketing expenses incurred by MTAA.

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

- b. *What was the total cost of all advertising and/or marketing per member?*

Member account numbers form part of regular APRA reporting. This can be found in the Annual Fund Level Statistics Backseries Table 2 Column L (SRF 610.1 item 4. (1)). MTAA Super information for the period can be found at this link.

<https://www.apra.gov.au/sites/default/files/Annual Fund-level Superannuation Statistics Back Series June 2019.xlsx>

While exact costs cannot be calculated due to timing of member movement and expenditure, advertising/marketing cost per member can be approximated by dividing the total costs by the number of members.

c. What was the total cost of all advertising per new (FY19) member?

MTAA Super's advertising activities are directed to developing brand and product awareness with a view to both attracting new members and retaining existing members.

Given the competitive sensitivity of this information the Trustee's position is that to disclose the split between targeting new or existing members is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available.

d. What was the total cost of all television advertising and/or marketing?

Given the competitive sensitivity of this information the Trustee's position is that to disclose details of MTAA Super's marketing mix is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available

e. What was the total cost of all radio advertising and/or marketing?

Given the competitive sensitivity of this information the Trustee's position is that to disclose details of MTAA Super's marketing mix is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available

f. What was the total cost of all print advertising and/or marketing?

Given the competitive sensitivity of this information the Trustee's position is that to disclose details of MTAA Super's marketing mix is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available

g. What was the total cost of all online advertising and/or marketing?

Given the competitive sensitivity of this information the Trustee's position is that to disclose details of MTAA Super's marketing mix is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available

h. How many in-house staff are employed in advertising and marketing roles?

5.4 FTE staff work in the Marketing and Communication team, however roles are not solely dedicated to advertising and marketing activity, staff perform other activities such as team management, production of regulated communications (such as Product Disclosure Statements), website content maintenance, member education and reporting. An approximation would be that 2 FTE are applied for advertising and marketing.

i. How much was spent on engaging external advertising and marketing consultants?

Given the competitive sensitivity of this information the Trustee's position is that to disclose details of MTAA Super's marketing mix is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available

j. Do you advertise and/or directly financial contribute to the New Daily?

No



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MTAA Super

MTAA32QW

How much money have you spent on advertising on the following platforms in the past decade:

- a. Google?
- b. Facebook?
- c. Twitter?
- d. Instagram?
- e. A non-Google search engine?
- f. Any social media platform that is not mentioned in (b) – (d)?

Answer

MTAA Super has purchased advertising on Google and Facebook in the past decade. Given the competitive sensitivity of this information the Trustee's position is that to disclose this information is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available.





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MTAA Super

MTAA33QW

Can you provide details if you have purchased the following over the past decade:

- a. Google advertisements
- b. Google search terms.

Answer

MTAA Super has purchased Google advertisements and search terms in the past decade. Given the competitive sensitivity of this information the Trustee's position is that to disclose this information is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available





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MTAA Super

MTAA34QW

- a. Do you use Google Ad Words, or any Google provided or supported service to advertise any of your funds or your brand in any way whatsoever?
- b. Please list what terms you have used in Google Ad Words in the last five years to generate an impression on particular search queries

Answer

MTAA Super has used Google Ad Words and some other Google supported services in the past decade. Given the competitive sensitivity of this information the Trustee's position is that to disclose this information is likely to be to the detriment of members' interests by better informing competitors making these advertising opportunities either more expensive or less available.





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MTAA Super

MTAA35QW

What percentage of the return on investment from your unlisted assets can be attributed to revaluations due to falling interest rates, and capital asset pricing model market yields used as the discount rate in discounted cash-flow based valuations?

Answer

The performance of individual assets has varied over time, and will always do so, due to market and economic conditions as well as individual asset factors. It is not possible to decompose revaluations to the factors nominated.

However, the Trustee does disclose the sensitivity of the portfolio and relevant asset classes to number of risk factors in its financial statements. This is publicly available in the Financial Risk and Fair Value Measurement notes in the Fund's financial statements (Notes 3 and 4 in 2019). These statements are available on the Fund's website and are at the attached link.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>





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MTAA Super

MTAA36QW

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

The Trustee discloses the sensitivity of the portfolio and relevant asset classes to a number of risk factors in its financial statements. This is publicly available in the Financial Risk and Fair Value Measurement notes in the Fund's financial statements (Notes 3 and 4 in 2019). These statements are available on the Fund's website and are at the attached link.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>



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SUPERANNUATION SECTOR

MTAA Super

MTAA39QW

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. *Have you compared your valuation methodologies and assumptions for unlisted assets with other superannuation funds, and if so, what are the differences?*

The Trustee's Valuation Policy outlines the approach to different categories of assets. We are not privy to the specific investment methodologies deployed by other Trustees. However the Trustee does engaged independent expert third party valuers who use contemporary valuation methodologies. It is reasonable to assume that other Trustees engage similar parties and methodologies. The Trustee compares other valuations for the same assets it holds where access to those valuations is possible.

- 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?*

Yes, there is confidence in the valuation methodologies and assumptions. Valuations are conducted regularly, frequency varies by type of asset, generally quarterly, bi-annual or annual.

- 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?*

The independent expert third party valuer undertakes a market comparison to listed market comparables where comparable companies exist. They will also compare resulting valuations with observed transactions in unlisted markets for similar assets, where that information is available.

- d. *Have you ever calculated whether there would be a difference between valuations if unlisted assets were listed?*

The Fund's experience has been for valuations to be conservative with asset sales regularly exceeding valuations when assets have been sold down. The Fund has compared valuation over time of an unlisted Australian airport and a listed Australian airport.



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MTAA Super

MTAA40QW

What is the current annual average return for your unlisted assets?

Answer

The Fund does not disclose the rate of return on unlisted assets as these assets are not available as a specific investment option. The return across unlisted assets has positively contributed to returns of the Fund's diversified investment options and diversified its risks.



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MTAA Super

MTAA41QW

Given the size of your large joint investments, why are they not listed for liquidity, valuation and public disclosure purposes?

Answer

The valuation approach to different categories of assets is outlined in the Trustee's Valuation Policy at the following link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>

A key advantage of investing in unlisted assets is the ability to retain and withhold information specific to that asset. This includes unobservable inputs to valuation. The Trustee's position is that to disclose individual valuation information for these assets is likely to be to the detriment of members' interests when it comes to the eventual sale of an asset by better informing the potential buyers of the asset's carrying value. However, the Trustee does disclose a range of discount rates that have been applied by independent valuers in the preparation of their valuations of relevant assets. This is publicly available in the Fair Value Measurement note in the Fund's financial statements (Note 4 in 2019). These statements are available on the Fund's website and are at the attached link.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

The size of the joint investments does not dictate nor suggest that a listing is desirable, there are many advantages of companies being privately held by a small group of active strategic shareholders. Liquidity can be achieved in other ways, for example the existence of pre-emptive rights to acquire in the Shareholders Agreement.

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SUPERANNUATION SECTOR

MTAA Super

MTAA42QW

- a. How many unlisted assets do you hold in the fund?
- b. What value share are unlisted assets of the fund's:
 - i. total value?
 - ii. total property value?

Answer

A breakup of the Fund's investments is publicly available in the Fund's annual report (pages 38 and 39) and by asset class in its financial statements which can be found at this link.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

<https://mtaasuper.com.au/-/media/consumer/files/annualreports/mtaa-super-annual-report-2019-web-20191002.ashx?la=en>

Please see Note 4 (Fair Value Measurement) of the Financial statements which outlines the relevant asset class and the fair value hierarchy consistent with accounting standards.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

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MTAA Super

MTAA43QW

Discount rates:

- a. For unlisted assets, do you use a consistent discount rate for income across all unlisted assets, or an asset-specific discount rate?
- b. What is the discount rate you apply to the income from unlisted assets, and has it changed over the past decade, and if so, when and why?

Answer

The valuation approach to different categories of assets is outlined in the Trustee's Valuation Policy at the following link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>

Any discount rates are set independently by valuers consistent with relevant accounting standards and industry best practice.

A key advantage of investing in unlisted assets is the ability to retain and withhold information specific to that asset. This includes unobservable inputs to valuation. The Trustee's position is that to disclose individual valuation information for these assets is likely to be to the detriment of members' interests when it comes to the eventual sale of an asset by better informing the potential buyers of the asset's carrying value. However, the Trustee does disclose a range of discount rates that have been applied by independent valuers in the preparation of their valuations of relevant assets. This is publicly available in the Fair Value Measurement note in the Fund's financial statements (Note 4 in 2019). These statements are available on the Fund's website and are at the attached link.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>



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SUPERANNUATION SECTOR

MTAA Super

MTAA44QW

Of the unlisted assets, how many have outperformed the average return on investments in superannuation over the past five years?

Answer

The performance of individual assets has varied over time, and will always do so, due to market and economic conditions as well as individual asset factors and asset-specific investment characteristics. The Trustee manages and monitors performance of the individual assets and maintains forward-looking return expectations.





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MTAA Super

MTAA45QW

Have you completed any analysis about your capacity to continue to provide returns to fund members at the current, or past rate, into the future based on the valuations of your unlisted assets?

Answer

The Trustee continuously monitors risk events that have the potential to affect the value of the portfolio, each asset class and investment option. It also conducts regular stress testing focussed on the Fund's ability to withstand external shocks under potential investment environment scenarios and liquidity stress scenarios. The impacts of these scenarios are considered through the regular review of the Investment Strategy and assist the Trustee in setting the strategic assets allocations for each investment option



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MTAA Super

MTAA46QW

Over the past decade:

- a. Have you ever devalued an unlisted asset?
- b. Have you ever devalued an unlisted asset by more than \$10 million?
- c. Have you ever devalued an unlisted asset by more than \$50 million?
- d. Have you ever devalued an unlisted asset by more than \$100 million?
- e. Please advise the companies and/or individual valuers that have valued your unlisted assets.

Answer

Valuations regularly increase and decrease in value subject to market and economic conditions, as well as asset-specific factors. The valuation approach to different categories of assets is outlined in the Trustee's Valuation Policy at this link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>

Unrealised gains and losses during each financial year are disclosed in the Fund's financial statements.

Further information around the valuation of investments is also outlined in the Fair Value Measurement note in the Fund's financial statements (Note 4 in 2019). These statements are available on the Fund's website and are at this link.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

The valuations are performed independently by a panel of third-party external specialist valuation firms. The panel is rotated regularly.

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MTAA Super

MTAA47QW

For each year of the past decade:

- a. How many fund members do you have?
- b. How many financial planners do you have in total numbers, and as a member to financial planner ratio?
- c. How many financial advisers do you have in total numbers, and as a member to financial planner ratio?

Answer

For each year of the past decade:

- a. *How many fund members do you have?*

The number of member accounts forms part of regular APRA reporting. This can be found in the Annual Fund Level Statistics Backseries Table 2 Column L. This is a link to the information

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

- b. *How many financial planners do you have in total numbers, and as a member to financial planner ratio?*

MTAA Super does not employ financial planners. Financial planning is outsourced.

- c. *How many financial advisers do you have in total numbers, and as a member to financial planner ratio?*

Since 2018, MTAA Super has had 10 full time Superannuation Advisors who provide limited personal advice to members. The member to advisor ratio is approximately 20,000 to 1.

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MTAA Super

MTAA48QW

For each year of the past decade:

- a. How much is charged for financial planning annually to fund members, and what is the average per fund member?
- b. How much is charged for financial planning annually to funds, and what is the average per fund member?
- c. How much is charged for financial advice annually to fund members, and what is the average per fund member?
- d. How much is charged for financial advice annually to funds, and what is the average per fund member?

Answer

- a. How much is charged for financial planning annually to fund members, and what is the average per fund member?*

Financial planning is part of the comprehensive advice services offered by MTAA Super. Members are charged directly for financial planning activity.

- b. How much is charged for financial planning annually to funds, and what is the average per fund member?*

MTAA Super does not employ financial planners. Financial planning is outsourced. The cost of providing this service to members is approximately \$400,000 to \$500,000 pa which is approximately \$2-\$2.50 per member per annum

c. How much is charged for financial advice annually to fund members, and what is the average per fund member?

We have determined financial advice to refer to scaled/intrafund advice. While members are not charged for intrafund/scaled advice, staff costs associated with advice are shown in the Fund financial statements. The link to the 2019 financial statements is below.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

In Note 8, 'Field Force Expenses' refers to the costs of advisors, calculators, education staff and employer relationship staff.

Advice has been a service offered to members via MTAA Super Field staff since 2018.

d. How much is charged for financial advice annually to funds, and what is the average per fund member?

Members are not charged specifically for intrafund/scaled advice. These costs form part of the Fund's operating expenses which are funded from the administration fee to members.



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MTAA Super

MTAA49QW

For each year of the past decade:

- a. What is the cost of general advice annually, and what is the average per fund member?
- b. What are the aggregate value of bonuses provided for general advice, and what is the average per adviser?

Answer

- a. What is the cost of general advice annually, and what is the average per fund member?

General Advice forms a part of a broad administration activity, including call centre and field staff. In addition, publications (Product Disclosure Statements, Fact Sheets), online calculators & workshops/seminars form a part of the general advice offer.

As such we are unable to identify the specific costs overall or per member for this activity.

- b. What is the aggregate value of bonuses provided for general advice, and what is the average per adviser?

MTAA Super does not pay bonuses to advisers



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MTAA Super

MTAA50QW

For each year of the past decade:

- a. What is the cost of scaled advice annually, and what is the average per fund member?
- b. What are the aggregate value of bonuses provided for scaled advice, and what is the average per adviser?

Answer

- a. What is the cost of scaled advice annually, and what is the average per fund member?

MTAA Super does not distinguish between scaled and intrafund advice.

Scaled/intrafund advice forms a part of Call Centre activity, along with 10 MTAA Super 'Superannuation Advisors', introduced in 2018.

The cost of the Advisors forms a part of the Field Force Expenses identified in Note 8 of the financial statements.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

- b. What is the aggregate value of bonuses provided for scaled advice, and what is the average per adviser?

MTAA Super does not pay bonuses to advisers



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MTAA Super

MTAA51QW

For each year of the past decade:

- a. What is the cost of comprehensive advice annually, and what is the average per fund member?
- b. What are the aggregate value of bonuses provided for comprehensive advice, and what is the average per adviser?

Answer

- a. What is the cost of comprehensive advice annually, and what is the average per fund member?

MTAA Super outsources comprehensive advice activity to Industry fund Services (IFS), with members able to access advice from qualified planners who are dedicated to MTAA Super members.

Members pay IFS directly for advice received, with those payments offset against the outsourced service fee.

To have this service available to members, MTAA Super pays between \$400,000 and \$500,000 each year.

- b. What are the aggregate value of bonuses provided for comprehensive advice, and what is the average per adviser?

MTAA Super does not pay bonuses to advisers



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MTAA Super

MTAA52QW

For each year of the past decade:

- a. What is the cost of intra-fund advice annually, and what is the average per fund member?
- b. What are the aggregate value of bonuses provided for intra-fund advice, and what is the average per adviser?

Answer

- a. What is the cost of intra-fund advice annually, and what is the average per fund member?

MTAA Super does not distinguish between scaled and intrafund advice.

Scaled/intrafund advice forms a part of Call Centre activity, along with 10 MTAA Super 'Superannuation Advisors', introduced in 2018.

The cost of the Advisors forms a part of the Field Force Expenses identified in Note 8 of the financial statements.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

- b. What are the aggregate value of bonuses provided for intra-fund advice, and what is the average per adviser?

MTAA Super does not pay bonuses to advisers



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MTAA Super

MTAA53QW

How many employees does the fund have?

Answer

The Fund's FTEs at 30 June 2019 was 57.2





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MTAA Super

MTAA54QW

How do you define employee misconduct?

Answer

Misconduct is defined as where an employee behaves wilfully with the wrong intent and which is contrary to the norms and values of the organisation and / or the workplace policies including behaviour that causes serious and imminent risk to the reputation or value of the fund or interests of its members or the health and safety of another person, or is deliberate behaviour inconsistent with continuing the employment.



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MTAA Super

MTAA55QW

Over the past five years:

- a. How many employees have been cautioned for misconduct?
- b. How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct?
- c. How many employees have been terminated for misconduct?
- d. How many employees have been cautioned for misconduct, as a share of all employees over that timeframe?
- e. How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct, as a share of all employees over that timeframe?
- f. How many employees have been terminated for misconduct, as a share of all employees over that timeframe?

Answer

The answer for each question MTAA55QW (a) to (f) is none.



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MTAA Super

MTAA56QW

Do you support current Corporations Law provisions for the disclosure of corporate remuneration?

Answer

Yes.





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SUPERANNUATION SECTOR

MTAA Super

MTAA57QW

Of the twenty highest remunerated employees over the past decade, please provide the number whose total remuneration in a financial year (including all forms of remuneration, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	20 employees
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0



\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0



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MTAA Super

MTAA58QW

Of the twenty highest incentive bonuses paid over the past decade, please provide the number that fall within these brackets?

Answer

There were no incentive bonuses in the period

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	0
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0



\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0



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MTAA Super

MTAA59QW

Of the twenty highest performance bonuses paid over the past decade, please provide the number that fall within these brackets?

Answer

There were three performance bonuses to one employee in the period

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	3
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0



\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0



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MTAA Super

MTAA60QW

Of the twenty highest severance packages over the past decade, please provide the number whose total package (including all forms of accumulated severance package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer

There were no severance packages in the period

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	0
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0



\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

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MTAA Super

MTAA61QW

Of the twenty highest termination payments over the past decade, please provide the number whose total package (including all forms of accumulated termination package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer

There were no termination packages in the period

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	0
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0

\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0



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MTAA Super

MTAA62QW

Of the twenty highest redundancy payments over the past decade, please provide the number whose total package (including all forms of accumulated redundancy package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	7 employees
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0



\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0