

**REVIEW OF THE FOUR MAJOR BANKS & OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR**

**RESPONSES TO QUESTIONS IN WRITING FROM MR. WILSON, CHAIR OF THE HOUSE OF
REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

12 JUNE 2020

No.	Member	Question
MED77 QW	Wilson	Since 12 March 2020, has your fund provided any liquidity to: a. REST? b. Hostplus? c. any other superannuation fund? If so, for each fund, can you provide details of the amount, the date and the terms?
	Answer	NO

MED78 QW	Wilson	<p>Since 12 March 2020, has your fund loaned any cash to:</p> <ul style="list-style-type: none"> a. REST? b. Hostplus? c. any other superannuation fund? <p>If so, for each fund, can you provide details of the amount, the date and the terms?</p>
	Answer	NO

MED79 QW	Wilson	Regarding any investments you have with IFM Investors, please provide the following: a. The capital invested each year for the past five years. b. The accumulated valuation of investments for the past five years. c. The dividends received from those investments for the past five years.
	Answer	Refer table below

VALUE OF INVESTMENTS MANAGED BY IFM INVESTORS at 30 JUNE (\$ millions)

	2015	2016	2017	2018	2019
IFM Enhanced Index Australian Equities	425.2	390.9	429.9	481.4	558.1
IFM Australian Infrastructure Fund	106.3	129.5	145.1	161.2	187.5
IFM International Infrastructure Fund	157.6	179.5	246.7	290.3	354.2
IFM International Private Equity Fund I	2.5	1.8	1.3	0.5	0.5
IFM Specialised Credit Fund Floating		63.8	122.3	137.5	143.5
IFM Super Loans Trust		4.0	1.6	0.9	0.8
IFM International Private Equity Fund II	7.0	5.3	4.5	3.1	2.8
IFM Portfolio Insurance				9.2	7.3
Total Fund FX Overlay				3.2	5.7
IFM Cash Mandate					433.9
TOTAL	698.6	774.8	951.4	1,087.3	1,694.3

ANNUAL NET RETURNS ON INVESTMENTS MANAGED BY IFM INVESTORS to 30 JUNE (% p.a.)

	2015	2016	2017	2018	2019
IFM Enhanced Index Australian Equities	6.5	-0.6	14.6	12.0	12.1
IFM Australian Infrastructure Fund	1.3	20.7	13.1	11.1	18.6
IFM International Infrastructure Fund	10.2	12.9	15.0	17.7	22.5
IFM International Private Equity Fund I	29.3	-1.1	-2.2	-72.5	18.2
IFM Specialised Credit Fund Floating			5.4	4.7	4.4
IFM Super Loans Trust			7.2	6.3	6.7
IFM International Private Equity Fund II	34.4	5.0	0.9	13.7	18.7
IFM Portfolio Insurance					-15.1
Total Fund FX Overlay				-0.6	-1.5
IFM Cash Mandate					N/A*

*The IFM Cash Mandate was funded during the financial year, so there is no full-year return number.

MED80 QW	Wilson	Regarding any investments you have with ME Bank, please provide the following: a. The capital invested each year for the past five years. b. The accumulated valuation of investments for the past five years. c. The dividends received from those investments for the past five years.
	Answer	Refer table below

VALUE OF INVESTMENTS MANAGED BY ME BANK at 30 JUNE (\$ millions)

	2015	2016	2017	2018	2019
ME Bank Term Deposits	154.1	145.3	146.3	181.6	
ME Bank Deposits held within the IFM Cash Mandate (refer IFM investments)					129.7
TOTAL	154.1	145.3	146.3	181.6	129.7

ANNUAL NET RETURNS ON INVESTMENTS MANAGED BY ME BANK to 30 JUNE (% p.a.)

	2015	2016	2017	2018	2019
ME Bank Term Deposits	3.3	2.7	2.2	2.2	
ME Bank Deposits held within the IFM Cash Mandate (refer IFM investments)					N/A*

*The IFM Cash Mandate was funded during the financial year, so there is no full-year return number.

MED81 QW	Wilson	<p>If you are an investor in ME Bank, have you individually (or in collaboration with other funds), ever commissioned reports into its valuation in the past decade?</p> <p>a. And if so, how many reports and in what year?</p> <p>b. Were any commissioned to be completed by the UK-based group, LEK?</p> <p>c. And please provide copies.</p>
	Answer	<p>NO, Media Super relies on the independent valuations of ME Bank conducted by qualified independent valuers commissioned by the bank. Those valuations are commercial-in-confidence.</p>

MED82 QW	Wilson	<p>According to reports in the <i>Australian Financial Review</i> superannuation fund, Hostplus, redefined the definition of ‘illiquid assets’ (‘Hostplus warned of liquidity “perfect storm”’, <i>Australian Financial Review</i>, 18 May 2020). Therefore, can you please advise:</p> <ol style="list-style-type: none"> How you define ‘illiquid assets’ within your fund, including details of holdings and timeframes? How you define ‘liquid assets’ within your fund, including details of holdings and timeframes? How long each of these definitions have been used? What prompted any switch to these definitions? What the prior definitions were before any switch?
	Answer	<p>The fund complies fully with the requirements of s.52(6)(a)(iii) of the SIS Act and APRA’s Prudential Standard SPS 530 Investment Governance and APRA’s Prudential Practice Guide SPG 530.</p> <ol style="list-style-type: none"> An illiquid asset is defined as an investment that cannot be converted to cash within 30 days (under normal conditions) or where conversion to cash within that period would have a significant impact on its value. As at 31 December 2019, the Fund held illiquid assets as a percentage of total assets of 29.3%. A liquid asset is conversely defined as an investment that can be converted to cash within 30 days (under normal conditions). As at 31 December 2019, the Fund held liquid assets as a percentage of total assets of 70.7%. These definitions have been used for many years. The Trustee relies on the asset consultant to recommend changes to the definition of liquid/illiquid assets based on industry standards or best practice. N/A N/A

MED83 QW	Wilson	<p>Have you completed a skills audit in the past five years of the following:</p> <ul style="list-style-type: none"> a. Your board of directors? b. Your investment committee? c. And if not, why not? d. And if so, presently what gaps are identified?
	Answer	<p>Media Super conducts an annual review of Board performance and updates its Directors' Skills Matrix, in compliance with APRA Prudential Standard <i>SPS 510 Governance</i>.</p> <p>From these reviews, Media Super develops annual training and professional development plans for directors to enhance their skills and to meet any identified skills gaps.</p> <p>Annual performance reviews of directors and staff are private and confidential.</p>

MED84 QW	Wilson	<p>Prior to appointment, have employees fulfilling fiduciary roles had their investment performance track record assessed before fees?</p> <p>a. And if not, why not?</p> <p>b. And if not prior to appointment, have they following appointment?</p> <p>c. And if so, on what timeframe?</p>
	Answer	<p>Media Super undertakes appropriate due diligence in recruiting and appointing employees. Media Super’s MySuper and main investment choice options all achieved and exceeded their long-term investment objectives to 30 June 2019.</p>

MED85 QW	Wilson	Can you please provide data to complete this table for your unlisted asset holdings based on their geographic spread:															
	Answer	<table border="1" data-bbox="557 367 1355 656"> <thead> <tr> <th colspan="3" data-bbox="557 367 1355 427">Unlisted Asset Domicile*</th> </tr> <tr> <th data-bbox="557 427 703 488"></th> <th data-bbox="703 427 1031 488">Australia</th> <th data-bbox="1031 427 1355 488">Rest of the World</th> </tr> </thead> <tbody> <tr> <td data-bbox="557 488 703 544">\$m</td> <td data-bbox="703 488 1031 544">1,775</td> <td data-bbox="1031 488 1355 544">1,114</td> </tr> <tr> <td data-bbox="557 544 703 600">%</td> <td data-bbox="703 544 1031 600">61.4</td> <td data-bbox="1031 544 1355 600">38.6</td> </tr> <tr> <td colspan="3" data-bbox="557 600 1355 656">* as at 30 June 2019</td> </tr> </tbody> </table>	Unlisted Asset Domicile*				Australia	Rest of the World	\$m	1,775	1,114	%	61.4	38.6	* as at 30 June 2019		
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MED86 QW	Wilson	Please provide a copy of your Constitution.
	Answer	<p>A copy of the Constitution of Media Super Ltd. (the Trustee) is publicly available at:</p> <p>https://www.mediasuper.com.au/sites/mediasuper.com.au/files/constitution_media_super_limited_-_adopted_26_september_2019.pdf</p> <p>The Trust Deed for Media Super (the Fund) is publicly available at:</p> <p>https://www.mediasuper.com.au/sites/mediasuper.com.au/files/20190730_media_super_trust_deed.pdf</p>

MED87 QW	Wilson	Please provide details, including the event name, organising entity, ticket price and attendee(s) for the past decade of the tickets purchased for events and/or fundraisers for political parties or related entities, individual MPs and individual candidates for political office or the associated fundraising entities of political parties, individual MPs and individual candidates for political office.
	Answer	NIL – Not Applicable

MED88 QW	Wilson	Do you currently have an art collection? a. If so, can you advise its current valuation? b. If so, can you advise where it is stored and/or exhibited?
	Answer	NO

MED89 QW	Wilson	Do you engage proxy advisers? a. What are the terms of engagement for proxy advisers? b. To what extent are they empowered to act on behalf of the entity? c. Does their advice get provided to the board? d. How often is advice submitted to the board? e. Is their advice formally adopted by the board? f. Are their positions publicly stated? g. How does the board assess these positions concurrent with their duties as trustees and the sole purpose test?
	Answer	YES a. The terms of engagement of the Fund’s proxy advisers are commercial-in-confidence. b. The proxy adviser is not empowered to act on behalf of the Fund. The Fund controls instructions for the voting of its direct shareholdings in listed companies in accordance with its policies. c. The Board has an Environmental, Social & Governance Policy that sets out how Media Super directly-owned shares are to be voted. That Policy is publicly available and can be found at: https://www.mediasuper.com.au/sites/mediasuper.com.au/files/media_super_esg_investment_policy_sep2019.pdf d. See response to c. e. See response to c. f. Yes, Media Super’s voting record is publicly available at: https://www.mediasuper.com.au/about-our-operations-fund-governance/proxy-voting g. See response to c.

MED90 QW	Wilson	Are you currently, or have you previously been, a member or subscriber of the ACTU Members Connect Program? a. If so, what is the timeframe of your membership? b. What has been the annual fee year-on-year? c. How have you assessed its value to your members?
	Answer	NO