



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS01QW:

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.

The Fund runs approximately 15 seminars for members with Financial Planners each year. From time to time both the Chief Executive Officer and Chief Investment Officer have attended and presented at these seminars.

It was possible for members to ask questions during these seminars.



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NGS Super

NGS02QW:

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

NGS Super has not received any ASIC fines or infringement notices over the past five years.



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NGS Super

NGS03QW:

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

NGS Super engaged the services of PwC as its external auditor with respect to the year ended 30 June 2015 to the year ended 30 June 2019 (inclusive).

For the year ended 30 June 2015 the audit partner was Claire Keating. For the years ended 30 June 2016 to 2019, the audit partner was Craig Cummins.



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NGS Super

NGS04QW:

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.**

Net Asset Values (\$)	2015	2016	2017	2018	2019
Listed	\$ 5,677,381,918.41	\$ 5,679,394,648.80	\$ 6,182,558,849.67	\$ 6,611,081,234.28	\$ 8,394,585,267.73
Unlisted	\$ 1,122,047,099.17	\$ 1,486,453,717.78	\$ 1,934,874,525.59	\$ 2,445,020,743.49	\$ 3,154,312,607.32
Total	\$ 6,799,429,017.58	\$ 7,165,848,366.59	\$ 8,117,433,375.26	\$ 9,056,101,977.77	\$ 11,548,897,875.05
Net Asset Values (%)	2015	2016	2017	2018	2019
Listed	83.50%	79.26%	76.16%	73.00%	72.69%
Unlisted	16.50%	20.74%	23.84%	27.00%	27.31%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Notes:

- 1. All values are based on 30 June each year.



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

NGS Super

NGS05QW:

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.

30-Jun-15 Total Fund Return	% of Total Return	Return (Value in dollars)
Listed Assets	81.06%	\$ 462,964,421.63
Unlisted Assets	18.94%	\$ 108,200,578.37
Total	100.00%	\$ 571,165,000.00
30-Jun-16 Total Fund Return	% of Total Return	Return (Value in dollars)
Listed Assets	20.13%	\$ 55,390,759.74
Unlisted Assets	79.87%	\$ 219,776,240.26
Total	100.00%	\$ 275,167,000.00
30-Jun-17 Total Fund Return	% of Total Return	Return (Value in dollars)
Listed Assets	78.35%	\$ 658,929,665.28
Unlisted Assets	21.65%	\$ 182,096,334.72
Total	100.00%	\$ 841,026,000.00

30-Jun-18 Total Fund Return	% of Total Return	Return (Value in dollars)
Listed Assets	71.02%	\$ 651,592,697.99
Unlisted Assets	28.98%	\$ 265,831,302.01
Total	100.00%	\$ 917,424,000.00
30-Jun-19 Total Fund Return	% of Total Return	Return (Value in dollars)
Listed Assets	70.72%	\$ 535,973,263.03
Unlisted Assets	29.28%	\$ 221,911,736.97
Total	100.00%	\$ 757,885,000.00

Notes :

1. Calculated based on the 30th June of each stated year.
2. The values are after fees but before taxes.



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NGS Super

NGS06QW:

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).

NGS Super's Valuation policy is attached at NGS06QW.1.



VALUATION POLICY

Date approved: 30 July 2019

Version: 4.0

Document control information

Description	Valuation Policy
Creation date	5 April 2016 (Policy extracted from Investment Policy Statement)
Primary ownership	Chief Investment Officer
Review	Investment Committee
Approval sign off	Board

Revision and sign-off history

Version	Revision date	Author/s	Revision notes	Review by Committee	Approved by Board
1.0	5 April 2016	██████████ Manager Investment Governance	Policy extracted from Investment Policy Statement and redrafted	29/3/2016	5/4/2016
2.0	6 June 2017	██████████ Manager Investment Governance	Annual review of Valuation Policy	29/5/2017	6/6/2017
3.0	2 April 2018	██████████ Manager Investment Governance	No changes required	9/4/2018 (noted no changes required)	Not Applicable
4.0	12 June 2019	██████████ Manager Investment Governance	Annual review	22/7/2019	30/7/2019

Records management

Record management system	Date up-loaded:
Shared Drive: ██████████ ██████████ ████████████████████ ████████████████████ ██████████	31 July 2019
Policy Reading Room - iPad	31 July 2019

TABLE OF CONTENTS

1	Purpose	4
2	Background	4
3	Regulatory Requirements	4
4	Definitions.....	5
5	Relationship to other policies	5
6	Roles and responsibilities.....	5
6.1	Board.....	5
6.2	Investment Committee	6
6.3	Investment Team	6
6.4	Risk and Compliance Manager.....	6
6.5	Asset Consultant	6
7	Valuation Processes	6
7.1	Equities.....	7
7.2	Futures and Options.....	7
7.3	Forward Foreign Exchange.....	7
7.4	Unlisted Assets.....	7
7.5	Pooled Vehicles/Unit Trust Investments	8
7.6	Account Balances (Cash Balances).....	8
7.7	Exchange Rates	8
7.8	Direct Property – NGS Super directly owned property (if applicable).....	8
7.9	Direct Property.....	8
7.10	Unsettled Trades.....	8
7.11	Income Receivable	8
8	Trustee Monitoring and Variation of Valuation.....	9
9	Unit Pricing.....	10
10	Review.....	10
	Annexure A.....	11

1 Purpose

The Valuation Policy addresses the methodology adopted for valuing the assets of NGS Super (the 'Fund'), as they can potentially have a material impact on equity between members. The main focus of this policy is on the Fund's unlisted investments where valuation risk is considered to be higher. Unlisted assets tend to be illiquid and due to the practicalities and costs involved with obtaining frequent valuations, they are valued less frequently than other Fund assets. To maintain member equity and comply with regulatory requirements, the Fund needs to ensure appropriate valuation methodologies are developed, implemented and monitored, particularly for these unlisted assets.

The Trustee's Risk Management Framework incorporates valuation risk which could lead to unit pricing errors, inequity across members and/or incorrect financial statements. Valuation risk is addressed on a continuous ongoing basis.

2 Background

The Fund's investment strategy seeks to allocate capital into quality assets to support long term investment objectives. In order to achieve long term investment objectives and diversification, this includes investment in a combination of directly held unlisted assets and unlisted assets within pooled investment vehicles. These may include assets that are not actively traded through recognised exchanges. Such unlisted assets include: properties (including industrial, commercial and retail), infrastructure, private equity, non-exchange traded securities, hedge funds and Over-The-Counter (OTC) derivatives.

Listed investments generally have publicly available market prices as they trade through exchanges or central clearing agents. As unlisted investments do not trade in a similar way, they do not have readily available prices. Unlisted investments can present valuation challenges due to factors such as multiple management layers, complex investment structures, lack of transition data, and/or underlying assets that are opaque in nature or where frequent valuation is costly and/or time consuming.

The Fund currently invests in a combination of listed investments, directly held unlisted assets and unlisted funds with valuation policies and procedures largely documented in the Fund's Unit Pricing Policy. However, the Fund recognises that due to the relative lack of liquidity and infrequency of valuations for unlisted assets, additional monitoring is required to adequately control valuation risk.

3 Regulatory Requirements

The SIS Act and APRA Prudential Standard SPS 530 Investment Governance (SPS 530) requires Funds to consider the availability of reliable asset valuation information when formulating, implementing and reviewing an investment strategy. Subsections 52(2)(e) and (f) of the SIS Act also impose duties to act fairly in dealing with classes of beneficiaries within the fund and within a class.

APRA Prudential Practice Guide SPG 531 Valuation (SPG 531) specifically covers valuations. APRA considers valuations to be a critical input into the calculation of investment performance, enabling the equitable distribution of investment earnings to beneficiaries. In APRA's view, periodic valuation for assets that are not regularly traded should be obtained independently and updated regularly, particularly in times of market volatility. Further, APRA expects Trustees to apply the latest available valuation for the calculation of performance.

Accounting standard *AAS25 Financial Reporting by Superannuation Plans* requires assets to be measured at net market value as at the reporting date.

The Financial Services Council (FSC) released Guidance Note No. 26 stating that asset values should be monitored to ensure that there is no significant difference between the asset value used for pricing in the Fund and the current market value.

NGS Super is aware of and complies by AAS25 and the FSC guidance note that states it is unacceptable to use smoothing techniques when revaluing assets.

4 Definitions

APRA - Australian Prudential Regulation Authority

Asset Consultant/s – Frontier Advisors Pty Ltd and Cambridge Associates LLC

Custodian – State Street Australia Limited

FSC - Financial Services Council

Fund - NGS Super

GFC - Global Financial Crisis in 2008/09

RSE - means Registrable Superannuation Entity as defined in section 10 of the SIS Act.

RSE licence - a Registrable Superannuation Entity licence, which is granted under section 29D of the SIS Act.

SIS Act - the Superannuation Industry (Supervision) Act 1993.

SPS 530 – APRA’s Prudential Standard SPS 530 Investment Governance which sets out APRA requirements in relation to investment governance for RSE licensees

SPG 530 – APRA’s Prudential Guide SPG 530 Investment Governance which sets out APRA guidance in relation SPS 530

SPS 531 – APRA’s Prudential Standard SPS 531 Valuation which sets out APRA requirements in relation to valuation of unlisted assets RSE licensees

SPG 531 - APRA’s Prudential Guide SPG 531 Valuation which sets out APRA guidance in relation SPS 531

Trustee - NGS Super Pty Limited.

5 Relationship to other policies

This policy forms part of the Fund’s investment governance framework and should be read in conjunction with the following policies:

- Unit Pricing Policy
- Investment Policy Statement
- Investment Governance Framework
- Investments Due Diligence Policy
- ODD Framework
- Liquidity Management Plan
- Risk Management Framework.

6 Roles and responsibilities

The ultimate responsibility for the appropriate valuation of Fund assets rests with the Trustee, however the Trustee delegates specific responsibilities to the Investment Committee which includes oversight of the valuation process. Furthermore, the internal investments team also play a role in the process of valuing unlisted assets. Listed below are the regular activities undertaken in managing and monitoring the Fund’s valuation of assets:

6.1 Board

- Review and approve the Valuation Policy annually.

6.2 Investment Committee

- Review and recommend to the Board for approval the Valuation Policy annually
- Review and approve the 'Manager valuation policy review report' providing a summary of the valuation policies for each of NGS Super's managers of unlisted assets
- Consider the investment manager's valuation policy and processes when appointing investment managers.

6.3 Investment Team

- Implementation of this Valuation Policy
- Review on an annual basis this Valuation Policy, including the recommendation of amendments to the Investment Committee
- Review the 'Manager valuation policy review report' provided by the Asset Consultant
- Notify appropriate stakeholders when the valuation approach/methodology is considered inaccurate
- Manage the appointment and rotation of external valuers for independent valuation of directly held property assets and directly held private equity investments
- Review external valuations for indirectly held unlisted assets
- Monitor and manage asset valuation information provided by the Fund Custodian
- Conduct appropriate reasonableness checks for triggers which could affect asset valuations
- Monitor on a monthly basis the asset valuations to ensure values used for unit pricing are reasonable
- Report errors in valuations which affect unit prices to the Risk and Compliance manager.

6.4 Risk and Compliance Manager

- Reports any errors in valuations which affect unit prices to the Risk, Audit & Compliance Committee
- Assesses the materiality of any error to determine if it is a reportable breach and informs the regulators, where appropriate
- Ensures an incident report is provided to the Risk, Audit and Compliance Committee and the Board if the incident is a breach reportable to the regulators.

6.5 Asset Consultant

- Conducts a review of the manager valuation policies for the Fund's unlisted investments and provides a summary report to the Fund
- Conducts annual stress testing of liquidity in accordance with the Fund's LMP.

7 Valuation Processes

The Trustee recognises that it has a duty to consider the latest valuation produced for incorporation into the calculation of unit prices. While for listed assets, the latest valuation is typically readily available, for unlisted assets the Fund seeks to adopt an optimal valuation source in terms of transparency and appropriateness. Valuations for these assets should be obtained independently and updated regularly, particularly in times of market volatility. The investment manager should have a clear basis for determining the frequency of valuation and a clear policy indicating circumstances that would necessitate an immediate revaluation in between periodic valuations.

The Fund's custodian, State Street, sources the valuation of the assets for each investment option. State Street utilises a number of independent external valuation services to obtain the value or price of each investment held within the investment option. In accordance with the 'State Street Fund

Accounting Agreement', State Street values the securities in the portfolio using State Street standard valuation policies and agreed Price Source Agreement (PSA). The PSA lists a primary price source and an alternative should the primary source not be available. The following security types are included in the PSA:

- Equities
 - United States (US)
 - Thailand
 - Australian
 - New Zealand
 - International (listed)
 - Unlisted ADR's
 - Unlisted GDR's
- Fixed Income
 - US
 - Canadian
 - International
 - Australian and New Zealand bonds including discounted securities
- Other assets
 - Exchange traded derivatives
 - Over The Counter (OTC) derivatives
 - International trusts
 - Unlisted unit trusts
- Exchange rates (all currencies)
- Forward points (all currencies).

A summary of the latest PSA is contained in Annexure 1.

The weekly valuation is conducted using the close of business Friday price or if this is not available, the most current price as at 2 pm the following Monday.

In accordance with *Australian Accounting Standard AAS25*, the market value of assets is adjusted for estimated disposal costs should the assets be sold.

7.1 Equities

Refer to the "Equities" section of the PSA contained in Annexure 1.

7.2 Futures and Options

Refer to the "Other assets" section of the PSA contained in Annexure 1.

7.3 Forward Foreign Exchange

Refer to the "Exchange rates" and "Forward points" sections of the PSA contained in Annexure 1.

7.4 Unlisted Assets

Refer to the "Other assets" section of the PSA contained in Annexure 1.

Individual unlisted alternative investments use specific valuation methodologies. The approach is to accept the investment managers' valuations and to rely on those managers to provide a valuation. Depending on the asset, the timing of valuation may be less frequent than weekly (i.e. monthly, quarterly or annually).

Where valuations are not received weekly, NGS Super has made a decision to accept stale prices - that is, an old price of the asset that does not reflect the most recent information.

7.5 Pooled Vehicles/Unit Trust Investments

Refer to the "Other assets" section of the PSA contained in Annexure 1.

In general, for unitisation purposes, all investments in pooled vehicles/unit trusts are valued at redemption price. If no redemption price is reported, the net asset value (NAV) is used. In the instance that monthly prices are provided, State Street will use an index return within the weekly prices as a proxy for the investment manager(s). NGS Super will instruct State Street as to the appropriate index and investment managers in which this methodology should be applied.

7.6 Account Balances (Cash Balances)

The Fund try's to minimise the amount of Cash held within the sectors and allocates the majority of the cash to the Macquarie Treasury Fund which is priced in accordance with the "Other assets" section of the PSA contained in Annexure 1.

7.7 Exchange Rates

All holdings and balances are translated back to Australian Dollars using a common set of exchange rates. Refer to the "Exchange rates" section within the PSA contained in Annexure 1.

7.8 Direct Property – NGS Super directly owned property (if applicable)

Properties are required to be re-valued annually to market value by an independent valuer. The independent valuer will be briefed by NGS Super as to the purpose of the valuation of the property assets and the basis on which the valuation is to be determined. In accordance with *Australian Accounting Standard AAS25*, the market value of property assets will be adjusted for estimated disposal costs. External valuers are to be rotated every three years.

7.9 Direct Property

All acquisitions are supported by an independent property valuation as part of the due diligence process, with each asset in the portfolio valued at least annually (or more frequently if there is reason to believe the value of any one asset has changed by more than 5%). In addition, the investment manager provides quarterly updates to allow NGS Super to properly consider the appropriateness of the most recent valuation for each asset.

7.10 Unsettled Trades

The effect of all unsettled transactions is included in the valuations of individual asset sectors. Therefore unsettled equity purchases are included in the equity sector and corresponding adjustments are made to the cash sector for the future settlement amount. The opposite effect occurs for unsettled sale transactions.

Any unsettled transactions once the shares have gone ex-dividend are included in the valuation of the asset sector. The dividends on domestic equities (where applicable) are not grossed up for franking credits.

7.11 Income Receivable

Income receivable up to the valuation point (Friday 5 pm) is included in the valuation of individual investment sectors. For example, investment income from shares and distributions from unit trusts

must be recognised as receivable when securities/unit trust investments are marked 'ex dividend'/'ex distribution price'.

7.12 Trustee Monitoring and Variation of Valuation

The Trustee realises that the valuation practices used by investment managers of unlisted or illiquid assets may not always be a fair representation of the underlying asset value, which was highlighted during the Global Financial Crisis period (2007-08). Accurate valuation of unlisted assets can be difficult during periods of marked volatility and uncertainty. While valuations may be completed by independent third parties, in some asset classes such as property, valuers can be very slow to fully recognise structural changes in markets. This introduces a number of challenges for NGS Super in terms of the asset base upon which its investment managers are charging fees and equity between members where valuation practices do not fairly represent underlying value.

In respect of unlisted assets, the appropriateness of an investment's valuation is considered at least on a quarterly basis. The internal investment team will consider whether there have been any material changes or other factors, which may have caused or are causing the existing valuation to be inappropriate.

The Trustee recognises that where the Fund is invested in comingled investment vehicles, it may have little or no influence upon the valuation practices employed by its investment managers. Nevertheless, in assessing potential investment managers in unlisted asset classes and in reviewing existing investment managers in which the Fund is invested, the Trustee considers valuation practices and seeks to encourage investment managers to adopt best practice. Due diligence is conducted on the investment manager and this includes an assessment of the appropriateness of their valuation methodology and policy. Some of the best practice criteria that the Trustee seeks to encourage include:

Property:

- independent valuations conducted on at least a quarterly basis
- valuations conducted in full compliance with industry best practice as documented by the Australian Property Institute
- regular rotation of valuers
- interim monthly valuations provided to account for accrued income.

Infrastructure:

- independent valuations on at least an annual basis
- valuer should have no relevant conflict of interest
- regular rotation of valuers
- the valuation methodology used must be appropriate for the nature of the asset
- where discount rates are used they should be determined in line relevant market measures.

Private Equity:

- strict adherence with the International Private Equity and Venture Capital Board Valuation Guidelines.

The Trustee monitors asset values to ensure that the value used for pricing is not significantly different to the current market value of those assets. In the event the Trustee does not agree with a valuation, and there is information available to the Trustee that can reasonably be used as the basis for an alternative valuation or there is an alternative valuation that the Trustee can use, the Trustee may instruct the Fund's custodian to make a change which will be incorporated into the calculation of unit prices.

The FSC Guidance Note No.26 states that asset prices can be monitored via a number of triggers, such as:

- changes in discount rates
- recent sales/similar assets currently for sale
- significant revaluations of other similar assets within the portfolio
- movement in an appropriate market index
- changes in the asset profile, such as green ratings for commercial properties
- movements in the occupancy and rental yields for commercial buildings
- changes in interest rates and capitalisation rates
- change to tax rules
- revenue and expense drivers for the underlying business.

8 Unit Pricing

The incorporation of valuations into the calculation of unit prices is governed by the Fund's Unit Pricing Policy. Unlisted asset valuations are provided directly to the Fund's Custodian for unit pricing calculation from the relevant investment manager and NGS Super provides the custodian with independent valuations from external valuers for directly held property investments. The Fund's internal investment team is responsible for ensuring that appropriate reasonableness checks and monitoring are conducted. The extent of any stale pricing is monitored and if required, additional information will be sought from the relevant investment manager or the Fund's Custodian.

The Fund's Unit Pricing Policy provides further detail on the methodology for incorporating the unlisted asset valuations into the calculation of unit prices. There is no smoothing of returns within the Fund.

9 Review

The policy will be reviewed annually, on the occurrence of a material change in procedural arrangements, or earlier if a relevant new standard or regulation is made.

When required, the Trustee's internal auditor will review and report to the Risk, Audit and Compliance Committee on the appropriateness of, and compliance with this policy.

Annexure A

Annexure A

Extract of Primary Source Agreement with State Street dated 18 October 2018

Security Type	Primary source	Methodology	Alternative source	Methodology
Equities				
US equities (listed)	Thomson Reuters	Close / last sale	Bloomberg ICE (Interactive Data)	Close /last sale
Thailand equities	Thomson Reuters	Foreign close defaulting to local close	Bloomberg ICE (Interactive Data)	Foreign close defaulting to local close
Australian and New Zealand Equities	Thomson Reuters	Close / last sale	Bloomberg ICE (Interactive Data)	Close/last sale
International Equities (Listed)	Thomson Reuters	Close / last sale	Bloomberg ICE (Interactive Data)	Last sale defaulting to bid
Unlisted ADR's	Thomson Reuters	Last sale defaulting to bid	Bloomberg ICE (Interactive Data)	Last sale defaulting to bid
Unlisted GDR's	Thomson Reuters	Last sale defaulting to bid	Bloomberg ICE (Interactive Data)	Last sale Defaulting to bid
Fixed Income				
US Bonds	ICE (Interactive Data)	Evaluated bid	JP Morgan Bloomberg STATPRO (FRI)	Evaluated bid
Canadian Bonds	ICE (Interactive Data)	Evaluated bid	STATPRO (FRI) Bloomberg	Evaluated bid
International Bonds	ICE (Interactive Data)	Evaluated mid defaulting to evaluated bid	STATPRO (FRI) Bloomberg IBOXX	Evaluated mid defaulting to evaluated bid
Australian and New Zealand Bonds including Discount Securities	ICE (Interactive Data)	Evaluated mid	ICE (Interactive Data) FRI (STATPRO) Bloomberg	
Other Assets				
Exchange Traded Derivatives	Thomson Reuters	Settlement price / close price	Bloomberg	Settlement price / close price
OTC Derivatives	Markit Partners	Evaluated price	Bloomberg/ Investment Manager	Evaluated price

Security Type	Primary source	Methodology	Alternative source	Methodology
International Trusts	Thomson Reuters	Close / last sale	Bloomberg	Close / last sale
Unlisted Unit Trusts	AUSMAQ	Redemption (only NAV if no redemption)	Manager registries	Redemption (only NAV if no redemption)
Exchange Rates				
All currencies	WM Company	London 4pm (WM11)	Thomson Reuters	Sydney 4pm (RS16)
Forward Points				
All currencies	WM Company	London 4pm (WM11)	Thomson Reuters	Sydney 4pm (RS16)

The following exceptions apply to the above:

- Shares traded in countries with restricted internal and external ownership regulations may be valued at the local price if there is no current market price available.
- Where the above sources noted do not provide a price, alternative manual sources may be used.
- Where there is no exchange quoted price, a broker quote may be used.
- Securities for which a price cannot be sourced will be valued at cost.
- De-listed and suspended securities will be valued at nil or the last available market price where there is an expectation of future entitlement unless the client or investment manager believes it should be valued at nil.
- Defaulted securities will be priced at last available market price where there is an expectation of future entitlement unless the clients or investment manager believes it should be valued at nil.
- Corporate actions (including entitlements) may be valued at cost or fair market value where a market price is not available.
- Placements / IPOs / Institutional offers will be valued at market unless the placement shares do not rank equally to the ordinary shares. If placement shares do not rank equally, they will be priced at cost until a market price is available. If the placement shares are not entitled to the next expected dividend, they will be priced at market, less the next expected dividend rate, if available.
- Thailand foreign share holdings will be valued at the local share price if the foreign share price is stale.
- Russian foreign share holdings will be valued using the local share price from MICEX and converted to USD using WM11 exchange rates.

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SUPERANNUATION SECTOR**

NGS Super

NGS07QW:

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.**

Refer to Attachment NGS07QW.1

All data presented is based on the last financial year ended 30 June 2019.

The information requested in response to paragraphs c. and d. to this question would reveal the valuation given to unlisted assets held directly or indirectly by the Fund. This information has not been included on the following grounds:

- The information is confidential, non-public and commercially sensitive information.
- Disclosure of the information would allow future potential buyers to know NGS Super's internal valuation of the assets and potentially could cause commercial damage to the Fund by providing future potential buyers an unfair advantage in pricing, or negotiating the pricing, of those assets to the detriment of the members of the Fund.

a. Asset Name	a. Asset Location	b. Frequency of revaluation	c. Most recent valuation	d. A copy of the valuation	e. Valuation policy	f. Internal/External Valuation	g. External valuation party
55 Kirby Street, Rydalmere, NSW (Rydalmere)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	Savills
6 Clarendon Street, Artarmon, NSW	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	M3 Property
14-30 Peterkin Street, Acacia Ridge, QLD (Acacia Ridge)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	Urbis
731 Boundary Road, Richlands, QLD (Richlands)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	JLL
958 Beaudesert Road, Coopers Plains, QLD (Coopers Plains)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	CBRE
1937 Ipswich Road, Rocklea, QLD (Rocklea)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	JLL
75 Ebberrn Street, Darra, QLD (Darra)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	M3 Property
2642-2666 Ipswich Road, Darra QLD	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	CBRE
28-40 Vella Drive, Sunshine West, VIC (Sunshine)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	Urbis
46-50 Wirraway Drive, Port Melbourne, VIC (Port Melbourne)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	Urbis
31-33 Carter Way, Dandenong South, VIC (Carter Way)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	CBRE
41-71 Bessemer Drive, Dandenong South, VIC (Bessemer Drive)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	M3 Property
1 Heyington Avenue, Thomastown, VIC (Thomastown)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	M3 Property
50 Jayco Drive, Dandenong South, VIC (Jayco Drive)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	Urbis
15-31 Americain Way, Dandenong South, VIC (Americain Way)	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	Savills
495-501 Blackburn Road, Mount Waverley	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	CBRE
35 Boundary Street, South Brisbane, QLD	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	CBRE
4-10 Bridge Street, Pymble, Sydney	Australia	Annually	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation - At least annually	Manager arranges external valuation annually.	CBRE

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS08QW:

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.**

Refer to Attachment NGS08QW.1

All data presented is based on the last financial year ended 30 June 2019.

The information requested in response to paragraphs c. and d. to this question would reveal the valuation given to unlisted assets held directly or indirectly by the Fund. This information has not been included on the following grounds:

- The information is confidential, non-public and commercially sensitive information.
- Disclosure of the information would allow future potential buyers to know NGS Super's internal valuation of the assets and potentially could cause commercial damage to the Fund by providing future potential buyers an unfair advantage in pricing, or negotiating the pricing, of those assets to the detriment of the members of the Fund.
- In some cases, the assets may be held in conjunction with other entities that are not covered by the Terms of Reference of the inquiry. Disclosure of the information will allow future potential buyers to know the value of those assets and potentially could cause commercial damage to other entities by providing future potential buyers an unfair advantage in pricing, or negotiating the pricing, of those assets.

a.Name of Fund Manager	a.Asset Type	a. Asset Location	b. Frequency of revaluation	c. Most recent valuation	d. A copy of the valuation	e. Valuation policy	f. Internal/External Valuation	g. External valuation party
AMP Capital Investors Limited	Unlisted Property	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Campus Living Villages Pty Ltd	Unlisted Property	Australia	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Franklin Templeton Investments Australia Limited	Unlisted Property	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Godrej Fund Management PVT Ltd	Unlisted Property	Singapore	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
GPT Fund Management Limited	Unlisted Property	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Invesco Australia Ltd	Unlisted Property	United States	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Investa Wholesale Funds Management Limited	Unlisted Property	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Lend Lease Investment Management	Unlisted Property	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Shubh Properties Coöperatief U.A.	Unlisted Property	India	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
QIC Limited	Infrastructure and Unlisted Property	Various Location	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Colonial First State Global Asset Management	Infrastructure	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Gardior Pty Ltd	Infrastructure	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Industry Funds Management Pty Ltd	Infrastructure	Australia	Weekly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Infrastructure Capital Group Limited	Infrastructure	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
Macquarie Investment Management	Infrastructure	Australia	Monthly	Confidentiality Claimed	Confidentiality Claimed	Independent Valuation- The underlying assets are valued at least annually, to reflect any change in market value of the underlying assets of the trust, based on the independent valuation.	Manager arrange external valuation annually.	Various as determined by Manager.
BlackRock Financial Management, Inc	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Continuity Capital Partners Limited	Private Equity	Various Location	Monthly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
HarbourVest Partners, LLC	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Industry Super Holdings Pty Ltd	Private Equity	Various Location	Annually	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
ISPT Pty Ltd	Private Equity	Various Location	Annually	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
LGT Capital Partners	Private Equity	Various Location	Monthly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Newbury Partners LLC	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Pantheon Ventures Limited	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Qiming Venture Partners	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
ROC Capital Pty Limited	Private Equity	Various Location	Monthly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Sigular Guff & Company LLC	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Stafford Capital Partners Pty Ltd	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Wilshire International	Private Equity	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Fermat Capital Management LLC	Alternative Investment	Various Location	Weekly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Alcentra Ltd	Global Loan	Various Location	Monthly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
EQT Fund Management	Private Debt	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager
Monroe Capital LLC	Private Debt	Various Location	Quarterly	Confidentiality Claimed	Confidentiality Claimed	Manager Valuation	Externally	Determined by Manager



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS09QW:

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.

NGS Super has not hosted nor used any corporate venues, including corporate boxes, at any sporting event or venue over the past five years.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS10QW:

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

NGS Super has had over the past 5 years, a number of sponsorships in place with industry bodies and sector associations. These arrangements provide an opportunity for customer relationship managers to meet directly with members, as well as with key stakeholders in organisations to get a better understanding of how they can help their staff with their superannuation responsibilities.

The types of industry bodies and sector associations are

- AIS – Association of Independent Schools
- ASBA- Association of School Business Administrators
- AHISA – Association of Heads of Independent Schools
- COBA – Customer Owned Banking Association
- Uniting Care
- Women in Super – Mother Day Classic
- IEU – Independent Education Union
- Australian Childcare Alliance
- Montessori Australia Foundation
- Independent Schools Queensland

These arrangements include

- advertising in publications
- having a booth at an Expo or Conference
- logo placement on homepage and or on event collateral
- speaking spots at events
- brochures and or merchandise displayed at an event

The Fund is a member of Industry Super Australia (ISA) which advocates issues designed to advance the interests of industry superannuation funds and their members and also provides brand positioning for Fund. The Fund contributes to research and general advertising of ISA.

To promote education and development giving members the opportunity for professional growth and supporting long term retention in the sector, the Fund also offers scholarships which are open only to members employed in industries covered by the Fund. Over the past five years this has included:

- Teachers: for staff whose role is primarily focused on classroom teaching and/or pastoral care or the coordination of such programs.
- Management: for employees whose time is predominantly spent in a corporate management role such as principal, deputy principal, head of curriculum or administration management such as business managers, finance managers, etc.
- Support Staff: for those who are not in management or teaching roles but who support the teaching functions or the day-to-day operations of the school and its facilities.
- Judges' Choice: this is awarded to staff working in any of the above three categories.
- Mutual Executive of the Year: for leaders working in customer owned banks, credit unions and building societies.
- Partial scholarships for individuals to attend the Flagship Program run by the AIS Leadership Centre which aims to build the leadership skills of experienced education practitioners on the path to principalship.

The Fund has also supported charitable programs over the last five years such as:

- Mother's Day Classic: Australia's largest community fun run/walk event raising money for the National Breast Cancer Foundation.
- CUFA Fijian Leadership Challenge: A grant to a mutual finance employee enabling them to travel to Fiji to undertake a number of initiatives that develop individuals physically, emotionally, intellectually and culturally.
- Uniting Church support of the Uniting Church Queensland Synod in its provision of education and church programs which provide important support and services to people in need in local communities.
- The Wesley Hospital support of the spirit of Wesley Awards which recognises staff achievements and longevity as nominated by their peers and the clerical Excellence Award.
- Parramatta Mission – Raising Hope for Homeless Women: raising awareness and funds to address the unmet need of crisis accommodation for women who are homeless or at risk of homelessness.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS11QW:

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.**

NGS Super has not run nor incurred direct costs for the running of advertising campaigns over the past five years.

Based on the nature of the Fund's membership, communication with members is via email, mail and via the public website. The Fund also publishes information within industry publications issued by professional bodies and other organisations where Fund membership is high, such as teacher's professional bodies. Any publishing costs for placements in industry publications are covered as part of the entities' sponsorship arrangements. For context, where the Fund has a sponsorship in place with an industry body the Fund has the ability to advertise in their industry publication, the cost of which is included as part of the overall agreement with no additional publishing cost incurred.

Communications are designed to promote awareness of products and services that benefit members both for retention and for the acquisition of new members.

NGS Super does not invite companies/agencies to tender for advertising campaigns and has not incurred any costs for broadcasting over the past five years.

The Fund is a member of Industry Super Australia (ISA) which advocates issues designed to advance the interests of industry superannuation funds and their members and also provides brand positioning for Fund. The Fund contributes to research and general advertising of ISA. The cost of membership of ISA is included in the Fund's response to NGS23QW.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS12QW:

Over the last five financial years:

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

Year Ended	Operating Expenses (\$'000)	Operating Expense Ratio	Investment Expenses (\$'000)	Investment Expense Ratio
30/06/2019	31,668	0.32%	34,095	0.35%
30/06/2018	27,758	0.34%	27,606	0.34%
30/06/2017	27,749	0.38%	20,114	0.28%
30/06/2016	25,589	0.37%	22,173	0.32%
30/06/2015	24,286	0.40%	31,995	0.52%

The Fund's overall operating expense ratio has decreased over the last five years. Operating expenses for 2019 include one-off costs associated with the merger of QIEC Super as at 6 May 2019.

b. What were the total assets under management?

Balance Date	Net Assets (\$'000)
30/06/2019	11,425,666
30/06/2018	8,975,414
30/06/2017	8,057,343
30/06/2016	7,145,047
30/06/2015	6,752,813

c. What are the total number of employees?

Date	Permanent Staff
30/06/2019	61
30/06/2018	50
30/06/2017	43
30/06/2016	48
30/06/2015	42

d. What are the total number of contractors?

The following table shows the number of contractors engaged each financial year, a combined total of two contractors over the five-year period. One has become a permanent employee, whilst the other temporarily filled a vacant management position which was ultimately filled with a permanent employee.

Year ended	Contract Staff
30/06/2019	1
30/06/2018	2
30/06/2017	0
30/06/2016	0
30/06/2015	0

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

The following table shows the number of contractors engaged during each financial year, and the value of payments made to contractors.

In total, the Fund has engaged two contractors over the five-year period. One has become a permanent employee, whilst the other temporarily filled a vacant management position which was ultimately filled with a permanent employee.

Year Ended	Externally Hired Contractors	Value (\$)
30/06/2019	1	223,746
30/06/2018	2	322,935
30/06/2017	0	0
30/06/2016	0	0
30/06/2015	0	0

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS13QW:

Over the last five financial years:

a. What is the total number of member accounts?

FY ending June	Member accounts
2019	117,824
2018	96,583
2017	97,773
2016	98,631
2015	100,158

b. What is the total increase in the number of members as a result of the fund’s default status?

The table below shows the number of new members joining the Fund from an employer with which the Fund has (or is likely to have) default status. In reality, some of these members will have made an active choice to join the Fund following comparison of their employer’s default fund with alternative funds. We are unable to capture this information.

FY ending June	New default Members
2019	8,858
2018	8,653
2017	8,382
2016	8,578
2015	8,834

c. What is the total increase in the number of members through voluntary adoption or switching?

The table below shows the number of new members joining the Fund from an employer with which the Fund does not (or is unlikely to) have default status.

In addition to these members, the Fund has many members who actively elect to remain with the Fund upon moving to a non-default employer.

FY ending June	New choice members
2019	681
2018	499
2017	430
2016	493
2015	507

d. What was the average member balance?

FY ending June	Average balance
2019	\$96,972.31
2018	\$92,929.54
2017	\$82,408.67
2016	\$72,442.20
2015	\$67,470.78

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?

FY ending June	Average premiums deducted per member account	Average premiums as a percentage of average balance
2019	\$431.19	0.44%
2018	\$502.53	0.54%
2017	\$491.07	0.60%
2016	\$478.17	0.66%
2015	\$481.38	0.71%

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

FY ending June	Inactive accounts
2019	15,805
2018	16,406
2017	17,106
2016	18,128
2015	19,267



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS14QW:

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

	Net Returns to 30 June 2019		
NGS Super Investment Option	1 Year %	5 Year % p.a.	10 Year % p.a.
Diversified (My Super)	7.23	8.18	8.48

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS15QW:

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)**

Year Ended 30 June	Fees Deducted Per Member (\$)	
	Administration	Asset Management
2019	\$72.49	\$257.27
2018	\$75.91	\$231.85
2017	\$74.45	\$204.84
2016	\$69.26	\$206.68
2015	\$66.90	\$304.14

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

Year Ended 30 June	Administration Expenses (\$'000)	Net Assets (\$'000)	Administration Expenses (%)
2019	9,417	11,425,666	0.08%
2018	10,131	8,975,414	0.11%
2017	10,526	8,057,343	0.13%
2016	9,913	7,145,047	0.14%
2015	9,575	6,752,813	0.14%

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

The Fund does not carry out administration functions in-house.

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

The Fund does not carry out administration functions in-house.

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

Please refer to question 15b. All fund administration expenses are external expenses.

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

Please refer to question 15b. All fund administration expenses are external expenses.

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

Nil.

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

Nil.

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

Nil.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS16QW:

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

NGS Super has not received any statutory fines over the last five years.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS17QW:

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?

The Fund pays out all rollover requests upon receipt and confirmation of required identification, payment and other information as required by law.

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

Year ended 30 June	Average Rollover Value
2019	\$40,443
2018	\$38,412
2017	\$40,681
2016	\$39,572
2015	\$41,687

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

Nil.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS18QW:

- 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?**

The Fund maintains a general reserve, referred to as the Trustee Operating Reserve from which the Trustee can meet the costs of general operating expenses of the Fund (including managing insurance arrangements) and developing and providing products and services to members as well as to provide protection against contingent future events.

As at 30 June 2019, the value of the reserve was \$29.97 million, or 0.26% of Net Assets.

Following deduction from member accounts, 97% of insurance premiums are paid directly to the Fund's insurer. The remaining 3% of premiums are kept in the Trustee Operating Reserve, for the purpose of funding the ongoing costs of managing the insurance arrangements, which are met from the reserve.

There are no insurance profit share arrangements, rebates, or other forms of payment from the insurer which are paid into this or any other reserve. The Fund does not have profit share or rebate arrangements with the insurer.

All benefits from the tax-deductibility of insurance premiums are passed to members via reduced contributions tax deductions from members' accounts. Tax deductibility is applied at the individual member level, based upon the specific premiums deducted for that member.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS19QW:

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'?

The Fund does not control any trusts or investment vehicles in any low tax regions (including those listed above).

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS20QW:

- a. **The number of accounts that have been transferred to the ATO as a result of ‘Protecting your Super’ legislation?**

877 accounts were sent to the ATO as part of the Inactive Low Balance Accounts component of the ‘Protecting Your Super’ legislation. Note that this figure excludes the member accounts that were transferred to the ATO under Unclaimed Monies legislation.

- b. **The value of the money that will be paid to the ATO as a result of the ‘Protecting your Super’ legislation?**

\$1.9 million was sent to the ATO as part of the Inactive Low Balance Accounts component of the ‘Protecting Your Super’ legislation. Note that this figure excludes the member accounts that were transferred to the ATO under Unclaimed Monies legislation.

- c. **The number of accounts that has been transferred into an eligible rollover fund in the 2019 financial year?**

13 accounts were transferred to an eligible rollover fund in financial year ending June 2019.

- d. **The value of the money that has been transferred into an eligible rollover fund in the 2019 financial year?**

\$157,569.52 was transferred to an eligible rollover fund in financial year ending June 2019.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS21QW:

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?

No



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS22QW:

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?

The Fund has not paid any external consultants for advocacy and communication services in the last five years.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS23QW:

- 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 organizations that provide policy and data analysis service to member funds?**

Answer:

NGS Super does not employ any staff specifically for the purpose of policy research or analysis nor does the Fund engage external policy and data analysis consultants.

NGS Super is a member of various industry bodies who amongst other things provide policy and at times data analysis including:

- The Association of Superannuation Funds of Australia (ASFA)
- The Australian Institute of Superannuation Trustees (AIST)
- Industry Superannuation Australia (ISA)
- Women in Super (WIS)

In addition to advocating issues designed to advance the interests of industry superannuation funds and their members, ISA membership provides brand positioning for the Fund as well as research and general advertising.

2015	\$ 620,311.87
2016	\$ 633,579.73
2017	\$ 646,994.74
2018	\$ 662,279,.46
2019	\$ 705, 568.84

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS24QW:

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?**

The Fund has controlling ownership of a number of industrial and office buildings across New South Wales, Victoria and Queensland and consultants were engaged to undertake an inspection of potentially flammable cladding across all properties.

As a result of the inspections, two buildings in the portfolio were registered with the QLD government in March 2019, as they contain some form of cladding or panelling which requires additional review by a Building Industry Professional with a fire engineer's report being commissioned and lodged.

In relation to one building in NSW, cladding was removed from strategic locations on the building to mitigate the potential to catch fire and contribute to undue fire spread.

No properties have been refused insurance or are underinsured due to defective building construction such as cladding.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS25QW:

a. What external parties manage your investments, if any?

A list of all our external parties who manage the Fund's investments is available below.

ALCENTRA LIMITED
ALLAN GRAY AUSTRALIA
ALLIANCEBERNSTEIN INVESTMENT MANAGEMENT AUSTRALIA LIMITED
AMP CAPITAL
AMUNDI ASSET MANAGEMENT AUSTRALIA LIMITED
ANTIPODES PARTNERS LIMITED
ARDIAN FRANCE S.A.
BELL ASSET MANAGEMENT LIMITED
BLACKROCK FINANCIAL MANAGEMENT, INC
BRANDYWINE GLOBAL INVESTMENT MANAGEMENT, LLC
CAMPUS LIVING FUND
CHALLENGER INVESTMENT SOLUTIONS MANAGEMENT PTY LIMITED
CLARIVEST ASSET MANAGEMENT
CONTINUITY CAPITAL PARTNERS PTY LIMITED
COOPER
EQT FUND MANAGEMENT
ETHICAL PARTNERS FUNDS MANAGEMENT
FERMAT CAPITAL
FIFE CAPITAL
FIRETRAIL INVESTMENTS PTY LIMITED
FIRST SENTIER INVESTORS (AUSTRALIA) IM LIMITED
FRANKLIN TEMPLETON INVESTMENTS AUSTRALIA LIMITED
GARDIOR PTY LTD
GLOBAL EVOLUTION FONDSMAEGLERSELSKAB A/S
GODREJ FUND MANAGEMENT PVT. LTD
GPT FUND MANAGEMENT LIMITED
GRAHAM CAPITAL MANAGEMENT, L.P.
HARBOURVEST PARTNERS LLC
INDUSTRY FUND MANAGEMENT
INDUSTRY SUPER HOLDINGS PTY LTD
INFRASTRUCTURE CAPITAL GROUP

INVESCO AUSTRALIA LIMITED
INVESTA
INVESTORS MUTUAL LIMITED
ISPT PTY LTD
JANUS HENDERSON INVESTORS (AUSTRALIA) FUNDS MANAGEMENT LIMITED
JANUS HENDERSON INVESTORS (AUSTRALIA) LIMITED
KAPSTREAM CAPITAL
LA FRANCAISE INVESTMENT SOLUTIONS
LEGG MASON
LEND LEASE
LENNOX CAPITAL PARTNERS
LGT CAPITAL PARTNERS
MACQUARIE INVESTMENT MANAGEMENT
ME PORTFOLIO MANAGEMENT LIMITED
MAJ INVEST ASSET MANAGEMENT
MESIROW FINANCIAL INVESTMENT MANAGEMENT, INC
MONROE CAPITAL
MORGAN STANLEY INVESTMENT MANAGEMENT
MORRISON & CO UTILITIES MANAGEMENT PTY LTD
NEWBURY PARTNERS LLC
NEUBERGER BERMAN AUSTRALIA PTY LTD
OAKTREE CAPITAL MANAGEMENT, L.P.
PANTHEON
PIMCO AUSTRALIA PTY LIMITED
QIC LIMITED
QIMING VENTURE PARTNERS
RESOLUTION LIFE GROUP HOLDINGS L.P.
ROC CAPITAL PTY LIMITED
SHUBH PROPERTY
SIGULER GUFF
SOCIAL VENTURES AUSTRALIA LIMITED
SOLARIS INVESTMENT MANAGEMENT LIMITED
SOUTHPEAK INVESTMENT MANAGEMENT PTY LIMITED
STAFFORD CAPITAL PARTNERS
STANDARD LIFE INVESTMENTS LIMITED
STATE STREET GLOBAL ADVISOR
STEWART INVESTORS
UBIQUE ASSET MANAGEMENT PTY LTD
UNITING ETHICAL INVESTORS LIMITED
VALUEINVEST ASSET MANAGEMENT
VANGUARD INVESTMENTS AUSTRALIA LTD
VINVA INVESTMENT MANAGEMENT LIMITED
WILSHIRE
YARRA FUNDS MANAGEMENT LIMITED

b. What are the fee structures per member from external management?

Information on fees and costs is available below.

Investment Fees and Indirect costs – Accumulation and Transition to Retirement Accounts

Investment option – Accumulation and Transition to retirement accounts	Investment fees		
	Management Fees	Performance Fees	Total investment fees
Pre-mixed			
Diversified (MySuper)	0.52%	0.04%	0.56%
High Growth	0.55%	0.07%	0.62%
Balanced	0.43%	0.03%	0.46%
Defensive	0.43%	0.03%	0.46%
Socially Responsible Diversified	0.52%	0.04%	0.56%
Indexed Growth	0.07%	–	0.07%
Shares Plus	0.50%	0.01%	0.51%
Sector specific			
Australian Shares	0.39%	0.01%	0.40%
International Shares	0.50%	–	0.50%
Infrastructure	0.50%	0.21%	0.71%
Property	0.51%	–	0.51%
Diversified Bonds	0.35%	–	0.35%
Cash and Term Deposits	0.05%	–	0.05%

Investment option – Accumulation and Transition to Retirement Accounts	Indirect costs		
	Total indirect costs	Property operating costs (not included in total)	Borrowing costs (not included in total)
Pre-mixed			
Diversified (MySuper)	0.13%	0.12%	0.05%
High Growth	0.13%	0.07%	0.03%
Balanced	0.12%	0.13%	0.05%
Defensive	0.10%	0.21%	0.08%
Socially Responsible Diversified	0.13%	0.11%	0.04%
Indexed Growth	–	–	–
Shares Plus	0.13%	–	–
Sector specific			
Australian Shares	0.14%	–	–
International Shares	0.11%	–	–
Infrastructure	0.12%	–	–
Property	0.18%	1.14%	0.41%
Diversified Bonds	0.13%	–	0.01%
Cash and Term Deposits	–	–	–

Investment fees and Indirect costs – Income Account

Investment option – Income account	Investment fees		
	Management Fees	Performance Fees ⁴	Total investment fees ³
Pre-mixed			
Moderate Growth	0.47%	0.03%	0.50%
Diversified	0.54%	0.04%	0.58%
High Growth	0.60%	0.07%	0.67%
Balanced	0.44%	0.03%	0.47%
Defensive	0.43%	0.03%	0.46%
Socially Responsible Diversified	0.50%	0.04%	0.54%
Indexed Growth	0.07%	–	0.07%
Retire Plus	0.49%	0.06%	0.55%
Shares Plus	0.55%	0.01%	0.56%
Sector specific			
Australian Shares	0.49%	–	0.49%
International Shares	0.51%	–	0.51%
Infrastructure	0.89%	0.21%	1.10%
Property	0.53%	–	0.53%
Diversified Bonds	0.38%	–	0.38%
Cash and Term Deposits	0.05%	–	0.05%

Investment option – Income account	Indirect costs		
	Total indirect costs	Property operating costs (not included in total)	Borrowing costs (not included in total)
Pre-mixed			
Moderate Growth	0.14%	0.12%	0.05%
Diversified	0.14%	0.12%	0.05%
High Growth	0.15%	0.07%	0.03%
Balanced	0.12%	0.13%	0.05%
Defensive	0.11%	0.21%	0.08%
Socially Responsible Diversified	0.15%	0.11%	0.04%
Indexed Growth	–	–	–
Retire Plus	0.14%	0.29%	0.11%
Shares Plus	0.14%	–	–
Sector specific			
Australian Shares	0.18%	–	–
International Shares	0.11%	–	–
Infrastructure	0.12%	–	–
Property	0.18%	1.14%	0.41%
Diversified Bonds	0.13%	–	0.01%
Cash and Term Deposits	–	–	–



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS26QW:

Governance:

All figures below are provided as at 31 December 2019

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

14

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

\$911,725.99

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

\$56,982.87

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

No performance-based assessments determine board remuneration.

Consistent with the requirements of superannuation prudential standard 510 - *Governance* the Board has an annual performance assessment process.

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

\$105,279

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

7.55 years

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

The longest serving director has served for 17.5 years and has announced her intention to retire prior to June 2020.

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

Each Board and Committee agenda has a standing item in relation to the declaration of any conflicts of interest and/or duty.

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

The Trustee's conflicts Management Framework is attached at **NGS26QW.1**

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

The Fund's Policy with respect to gender diversity is that 50% of Directors of NGS Super are female.

k. Does your board have gender balance?

Yes



Conflicts Management Framework and Policy

Date approved: 19 November 2019

Version: 9.0

VERSION CONTROL

Document control information

Description	Conflicts Management Framework and Policy
Creation date	16/10/2012
Primary ownership	Senior Manager Governance
Review	Human Resources, Remuneration and Governance Committee
Approval sign off	Board

Revision and sign-off history

Version	Revision date	Author/s	Revision notes	Review by Committee	Approved by Board
1.0	18/9/2012	Laura Wright General Manager Operations	This policy replaced the existing policy updated to incorporate Prudential Standard SPS 521 Conflicts of Interest	11/10/2012	16/10/2012
2.0	7/2/2013	Laura Wright General Manager Operations	In line with APRA's review the following changes have been made: Section 1.4: Definition of 'Associates' has been expanded to include staff of the Trustee Section 2.2: Additional clause added to bring in line with s52(2)(d) of the SIS Act Section 2.5: Additional information provided on communication process Section 3.4: Managing Conflicts Sub sections <i>Conflict of interests & Gift Registers and Recording</i> : further clarification provided Sub section <i>Attendance and participation</i> has been re-titled to 'Evaluation'	-	19/2/2013
3.0	20/11/2013	Kylie Wilcox Risk and Compliance Officer	<ul style="list-style-type: none"> Formatted to be in line with policy template Clarification of conflicts register and the information it should contain. Updated to reflect current practices 	2/12/2013	3/12/2013
4.0	27/10/2014	Laura Wright Senior Manager Governance	Changes suggested by internal audit findings 11 March 2014, including: <ul style="list-style-type: none"> Adding the external auditor and actuary to the definition of 	6/11/2014	2/12/2014

			<p>responsible persons.</p> <ul style="list-style-type: none"> • Disclosure requirement for recurring gifts 		
5.0	26/10/2015	Laura Wright Senior Manager Governance	Updated to reflect changes to titles and minor changes to procedures.	23/11/2015	1/12/2015
6.0	14/10/2016	Laura Wright Senior Manager Governance	<p>Updated to incorporate internal audit findings and process improvements including:</p> <ul style="list-style-type: none"> • Gift register and gift retention • roles and responsibilities 	21/11/2016	1/12/2016
7.0	29/9/2017	Laura Wright Senior Manager Governance	Updated to include new senior positions of Chief Risk and Governance Officer and Chief Operating Officer plus a minor change to procedure	13/11/2017	21/11/2017
8.0	30/10/2018	Laura Wright CEO	<p>Changed title to Senior Manager Insurance and Complaints</p> <p>Added Employee Code of Conduct to other policy list</p>	immaterial change approved by Compliance & Risk Officer and noted by HRRG 12/11/2018	Minor changes approved under delegation and reported to Board 20/11/2018
9.0	28/10/2019	Natalie Previterra Senior Manager Governance	<ul style="list-style-type: none"> • Updated roles and responsibilities • Additional guidance for disclosure of relevant interests and duties • Additional information to comply with section 68A of the SIS Act – Treating Employers • Movement of some detailed information into separate procedures document 	11/11/19	19/11/19

Records management

Record management system	Date up-loaded:
Shared Drive	25 November 2019
Diligent Resource Centre	25 November 2019
SCS Training	25 November 2019
Website	25 November 2019

Contents

1. INTRODUCTION	5
2. RESPONSIBILITIES	6
3. DISCLOSURE PARAMETRES	8
4. DETERMINING THE RELEVANCE OF DUTIES AND INTERESTS	8
5. CONFLICTS OF INTERESTS OF EMPLOYEES	8
6. GIFT PROCEDURES	9
7. TREATING EMPLOYERS	10
8. AWARENESS AND COMPLIANCE	10
9. WHISTLEBLOWING	10
10. MONITORING AND REVIEW	10

1. Introduction

1.1 Purpose

The Conflicts Management Framework and Policy (the Policy) outlines the Board's approach to ensuring that the Fund takes reasonable practicable action to identify, avoid and/or prudently manage all actual and potential conflicts of interest.

1.2 Background

NGS Super is governed by a corporate Trustee, NGS Super Pty Limited. The structure of the Trustee is based on a model of equal representation by employer and member Directors.

1.3 Regulatory Requirements

Australian Prudential Regulation Authority (APRA)

APRA's *Prudential Standard SPS 521 Conflicts of Interest* requires the Board to identify, avoid and manage conflicts of duties and interests.

Key requirements of SPS 521 include that:

- a conflicts management policy is developed, implemented, reviewed and approved by the Board
- all relevant duties and relevant interests are identified
- a register of relevant duties and relevant interests is developed and maintained.

Prudential Practice Guide SPG 521 Conflicts of Interest provides guidance on APRA's view of sound practice in particular areas.

Australian Securities and Investments Commission (ASIC)

As an ASIC AFS licensee, the Trustee must have (amongst other things) adequate arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to the provision of financial services by the Trustee, or the Trustee's representatives, as part of the financial services business of the Trustee or its representatives (s912A (1) (aa) of the *Corporations Act 2001*). This obligation is referred to as the 'conflicts management obligation'.

The Corporations Amendment (Future of Financial Advice) Act 2012, addresses concerns regarding conflicted remuneration and conflicts of interest for financial advisers. Staff employed by NGS Super Pty Limited who provide financial advice to members do not receive commissions, nor is any employee's remuneration linked in any way to any other incentive programs (either monetary or non-monetary) associated with the provision of financial advice.

ASIC Regulatory Guide 252 'Keeping websites up to date provides guidance on prescribed information that is required to be disclosed on superannuation websites in accordance with s29QB of the *Supervision Industry (Supervision) Act 1993* (SIS Act). Among other disclosures, this includes the Fund's Conflicts Management Framework and the Conflicts of Interests and Duties Register.

1.4 Definitions

Associate means a person who has a close family, personal, business or social connection to or involvement with a Responsible Person.

Board means the Board of the Trustee.

Company Secretary means a person appointed by the Board to be the statutory officer of the Company.

Conflicts: are circumstances where some or all of the interests or duties of a Responsible Person and/or the Associates of a Responsible Person are inconsistent with, or diverge from, the interests or

duties of the Trustee and the interests of its beneficiaries. This includes actual and potential conflicts where performance or decisions are or could be influenced due to the Responsible Person and their Associates having personal interests or duties owed to another entity. A **potential** conflict of interest arises where a Responsible Person and/or the Associates of a Responsible Person has a private interest or duty which is such that an actual conflict could arise if the Responsible Person or their Associates were to become involved in relevant (that is, conflicting) duties and responsibilities in the future.

Directors mean those persons who have been appointed to oversee the activities and management of the Trustee.

Employees means an employee or contractor of NGS Super

Employers has the same meaning as in the SIS Act

Fund means NGS Super.

HRR&G Committee means Human Resources, Remuneration and Governance Committee of the Trustee.

RSE licence means a Registrable Superannuation Entity licence, which is granted under section 29D of the SIS Act.

RAC Committee means Risk, Audit and Compliance Committee of the Trustee.

Responsible Person means a Director, Alternate Director, Company Secretary, RSE Auditor, RSE Actuary Senior Manager, Board Advisor or other person appointed by the Board as Responsible Persons.

Relevant duty means any relevant duty owed by the Responsible Person of the Trustee and any Associates of the Responsible Person to beneficiaries or to any other person.

Relevant interest means any relevant interest, gift, emolument (any salary for or profit from appointments or offices held) or benefit whether pecuniary or non-pecuniary, directly or indirectly held by the Responsible Person or an Associate of the Responsible Person.

SIS Act means the *Superannuation Industry (Supervision) Act 1993*.

Service Provider means an entity providing outsourced activities to the Trustee. A **Key Service Provider** is one who is providing a material business activity.

Trustee means NGS Super Pty Limited.

1.5 Relationship to other policies

This Policy should be read and used in conjunction with the Trustee's:

- Governance Policy (including Director Code of Conduct)
- Fit and Proper Policy
- Outsourcing Policy
- Human Resources and Corporate Policy
- Risk Management Framework
- Ethical Behaviour Policy - Employee Code of Conduct
- Whistleblowing Policy

2. Responsibilities

Key roles and responsibilities under this policy are set out below:

Trustee Board	<ul style="list-style-type: none"> • Approve this Policy and subsequent updates. • Ultimate responsibility for the appropriateness and effectiveness of the Policy. • In the event of a conflict or potential conflict, ensuring that priority is given to the duties to and interests of beneficiaries. • Ensuring that the Board and each of its Committees consider potential conflicts of interests at the commencement of each meeting. • Following assessment by the HRR&G Committee, approval of any amendment to the Interests and Duties Register for public disclosure.
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HRR&G Committee	<ul style="list-style-type: none"> • Review Policy updates and recommend changes to the Board for approval. • Assessment of interests and duties including identified conflicts and potential conflicts of interest and duties and making recommendations to the Board with respect to the management of the conflicts. • Oversight of the gift register and recommendations to the Board as to the appropriateness of gifts and whether they should be included on the Interests and Duties register. • Oversight of the employee Conflict of Interest Register.
RAC Committee	<ul style="list-style-type: none"> • Ensure the Internal Audit Plan for the Fund includes a comprehensive review of the Policy every three years.
Chief Strategy and Risk Officer	<ul style="list-style-type: none"> • Executive accountability for the implementation of the Policy. • Following assessment by the Senior Manager Governance, make recommendations to the HRR&G Committee with respect to: <ul style="list-style-type: none"> • the relevance of declared interests or duties • strategies to control, manage and mitigate potential or actual conflicts of interest or where appropriate the avoidance of the conflict or potential conflict. • Following assessment by the Senior Manager Governance approval (or otherwise) of any gifts and/or invitations received by or offered to an Employee where the gift exceeds the parameters set out in this Policy. • Following assessment by the Senior Manager Governance, approval (or otherwise) of strategies to control, manage, mitigate or avoid potential or actual conflicts of interest of employees. • Approve procedures to ensure the effective implementation of this Policy.
Senior Manager Governance	<ul style="list-style-type: none"> • Facilitate regular review of the Policy. • Initial assessment of relevance of declared interests and duties. • Initial assessment and recommendations for strategies to control, manage, mitigate or avoid potential or actual conflicts of interest or duty. • Maintaining the Register of Interests and Duties and following approval by the Board, ensuring it is available on the Fund’s website. • Maintaining and updating the Gift Register and ensuring regular reporting of register to the HRR&G Committee. • Initial assessment of gifts and/or invitations received by or offered to an employee where the gift exceeds the thresholds set out in this Policy. • Initial assessment of potential or actual conflicts of interest by employees and recommendations for strategies to control, manage, mitigate or avoid potential or actual conflicts of interest or duty. • Maintain procedures to ensure the effective implementation of this Policy.
Internal Auditor	<ul style="list-style-type: none"> • Conduct a comprehensive review of the Conflicts Management Framework every three years including whether all relevant duties and interests have been identified and are being managed accordance with the Policy.

The process for identifying potential or actual conflicts of interest of service providers is set out in the Outsourcing Policy.

3. Disclosure parameters

The following are the parameters and thresholds that the Board has determined in order to identify actual or potential conflicts of interest or duty in respect to Responsible Persons, employees and their associates. Interests and duties below these parameters are considered not to have the potential for a significant impact on the capacity of a Responsible Person or employee to act in the best interest of members and beneficiaries.

3.1 Interests

The following needs to be declared:

- any financial interest held directly or indirectly in listed and unlisted shares, trusts, managed funds, partnerships and other business interests where the interest represents over 5% of the total securities on issue, income or capital value of the company, fund, trust partnership, business entity or equivalent
- any interest in an Australian superannuation fund

3.2 Duties

All duties undertaken by Responsible Persons and employees must be declared including external directorships, management/advisory roles or positions on committees, and any current employment. These duties may be paid or voluntary.

3.3 Gifts and invitations

All gifts and invitations within a financial year over the value of \$250 or recurring gifts with the cumulative value over \$750 are to be declared. These include, but are not limited to, invitations to events, lunches, dinners and the receipt of gifts or prizes.

4. Determining the relevance of interests and duties

All new interests, duties of and gifts received by Responsible Persons are reported to each meeting of the HRR&G Committee. An assessment of the relevance of the interests and duties will be made by the Committee having regard to the potential for the interest or duty to reasonably have a significant impact on the capacity of a Responsible Person to act in the best interest of members and beneficiaries. The HRR&G Committee will make a recommendation to the Board in respect to:

- the management, or if necessary, the avoidance of any actual or potential conflict of interest or duty
- the relevance of the duty and requirement for inclusion in the Interests and Duties register.

The Board is responsible for approving changes to the Interests and Duties Register which will be made publicly available on the Fund's website

5. Conflicts of Interests of Employees

All employees are required to disclose any potential conflict of interest or duty to their Manager and the Senior Manager Governance in accordance with this Policy.

Disclosures will be assessed by the Senior Manager, Governance and a determination will be made in respect to the management or if required avoidance of the potential conflict of duty or interest.

Potential conflicts of interest and duties of employees will be recorded on the Employee Conflicts of Interest and Duties Register.

Any new entries to the Employee Conflict of Interest and Duties Register will be reported to the HRR&G Committee.

6. Gift Procedures

- Responsible Persons, employees and their associates should not accept any gift, hospitality or concessional travel offered in connection with the discharge of their duties except where the gift: does not give rise to a conflict of interest or duty and cannot be perceived as such by a reasonable outside observer; and
- is of a minor but non-recurring nature.

If a Responsible Person or an employee receives or is offered a gift and/or invitation valued at \$250 or more (including recurring gifts and/or invitations where the cumulative value in a financial year is \$750 or more), acceptance of the gift/invitation will be subject to approval in accordance with this section.

Responsible Persons, Associates and employees involved with a tender process should not accept any gift or invitation from any service provider involved in a tender for services to the Fund. This includes any current service provider and covers the period from the issuing of the tender document until the decision is made.

All gifts and invitations within a financial year over the value of \$250 or recurring gifts with the cumulative value over \$750 are to be declared by all Responsible Persons and employees.

6.1 Assessment of gifts and invitations

i) For employees

If an employee receives or is offered a gift and/or invitation valued at \$750¹ or more, acceptance of the gift/invitation will be subject to approval by the Chief Strategy and Risk Officer. Such approval will be based on an assessment and recommendation of the Senior Manager Governance in consultation with the Risk and Compliance Manager.

In the event that either the Chief Strategy and Risk Officer, Senior Manager Governance or the Risk and Compliance Manager receives or is offered a gift and/or invitation valued at \$750 or more, the assessment will be undertaken by a party not in conflict and approved by the CEO.

For gifts and/or invitations valued at \$750¹ or more offered to the CEO, the above process will apply, plus the further approval of the Chair of the Board, Deputy Chair of the Board or Chair of the HRR&G Committee.

The assessment process will take into consideration the nature of the gift/invitation and the basis on which the gift/invitation was received or offered.

ii) For Directors, Alternate Directors, Board Advisors and Responsible Persons who are not employees

If this group is offered a gift and/or invitation in connection with their role at NGS Super valued at \$750¹ or more, the above process in 6.1 (i) will apply, including the further approval of the Chair of the Board, Deputy Chair of the Board or Chair of the HRR&G Committee provided they are not the recipient of the gift or invitation.

^{1.} Gifts and/or invitations valued at \$750 or more include recurring gifts and/or invitations where the cumulative value in a financial year is \$750 or more. Once the total value of recurring gifts reaches \$750, acceptance of any further gifts in the financial year, irrespective of the value will be subject to approval.

7. Treating Employers

The SIS Act prohibits Trustees from using goods or services which could reasonably be expected to:

- influence the choice of superannuation fund into which an Employer directs superannuation contributions where its employees have not chosen a fund (Default Fund)
- influence an employer to encourage its employees to remain a member of a fund or agree to join a fund.

This includes both the supply by the Trustee or an associate of goods and services, including discounts rebates and allowances or the refusal to provide such discounts, rebates or allowances to an employer or a relative or associate of the employer.

During the course of day to day business, the Fund may use informal opportunities to build and develop relationships with new or existing employers. From time to time this may include the provision of hospitality including meals and/or beverages. The Fund has established procedures to ensure it complies with section 68A of the SIS Act.

8. Awareness and compliance

This Policy will be communicated to Responsible Persons in the following ways:

- new Responsible Persons will receive a briefing on the Policy as part of their induction
- a copy of the Policy is included as part of the new Director appointment process and is available for all Directors, Alternate Directors and Board Advisors (including Committee members) within the Resource Centre on the Diligent application used to securely distribute Board papers.
- each Board and Committee meeting includes a standing item in relation to the declaration of any new actual and potential conflicts.
- Responsible Persons are required to make an annual declaration of all of interest and duties.

This Policy will be communicated to employees in the following ways:

- New employees will receive a briefing on the Policy as part of their induction
- a copy will be placed on the Fund's intranet site which can be accessed by all staff
- a dedicated training module on the Fund's online training system which forms part of NGS Super's mandatory training program which must be completed within 3 months from commencing employment with NGS Super or by 30 June (whichever occurs earliest).

If an employee does not complete the mandatory training program (including this module), the matter will become a performance management issue and will be escalated for management consideration.

9. Whistleblowing

If a Responsible Person or an employee of the Trustee has knowledge that leads them to the belief that a conflict of interest exists that may not have been disclosed, they should deal with this through discussion with either the Chief Strategy and Risk Officer, Senior Manager Governance, their Manager, or through the Fund's whistleblower procedures as outlined in the Fund's Human Resources and Corporate Policy. The Trustee will ensure that any person who acts in accordance with this procedure is not victimised notwithstanding any conditions of that person's employment or contract.

10. Monitoring and review

Compliance Monitoring

Compliance with this Policy will be monitored by the Board through the HRR&G Committee.

Breach

A breach of this policy or a failure to disclose an interest or duty, subject to the circumstances surrounding the breach and the nature of the interest and conflict, may result in termination of directorship or employment, whichever the case may be.

Review

The Policy will be reviewed annually by the Trustee to ensure that the arrangements continue to be adequate for identifying, assessing and managing conflicts of interests.

External Review

Every three years internal audit will review and report to the RAC Committee on the appropriateness of and compliance with the Trustee's Conflicts Management Framework and Policy. A copy of the internal audit report will be provided to the HRR&G Committee for review.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS27QW:

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?**

The Fund is not aware of the specific ACCC legal action referred to in this question.

The Fund invests in a variety of assets and its investment portfolio may directly or indirectly be exposed to monopoly infrastructure assets. Those assets (or similar assets) may be the subject of legal or regulatory action from time to time by government agencies, including by the ACCC. They may also be subject to ACCC regulation.

As part of the Fund's investment due diligence processes, prior to acquisition of an asset the Fund and/or its professional advisor(s) consider, amongst other things, the legal and regulatory market within which the potential asset operates including the impacts of legal or regulatory action by relevant regulators (such as the ACCC) on investment returns.

Once assets are acquired, the Fund and/or its professional advisor(s) consider and monitor risks to investment returns from assets that may be subject to legal action or regulation of that type.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS28QW:

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.

For the purposes of this question, information has been provided for the Diversified MySuper Accumulation investment option, and the Diversified Pension investment option. These options are the default investment options for members in the Accumulation and Pension Divisions and represent 70% of total investments as at 30 June 2019.

Upon the first application of ASIC RG97 in 2018, the Fund took the approach that all investment fees were required to be disclosed as indirect costs. Consistent with this highly conservative approach, the Fund's disclosure included certain indirect costs which did not require inclusion under the provisions of RG97. Following a comprehensive review of this disclosure approach in late 2019, fees were revised and lowered on 2 December 2019, and disclosure now meets the actual requirements of RG97, rather than exceeding them. Also resulting from this review was a re-splitting of the indirect costs into investment fees and indirect costs, and a reduction in base and performance investment fees.

The tables below set out fees for the five years to 30 June 2019, including the average over this period. Also shown for comparison are the current fees as at 2 December 2019.

Diversified MySuper Accumulation

Balance of \$6,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	\$33.60	\$71.00	\$7.80	\$0.00	\$112.40
30 June 2019	\$0.00	\$71.00	\$60.00	\$0.00	\$131.00
30 June 2018	\$0.00	\$71.00	\$66.00	\$0.00	\$137.00
30 June 2017	\$42.00	\$71.00	\$0.00	\$0.00	\$113.00
30 June 2016	\$46.20	\$71.00	\$0.00	\$0.00	\$117.20
30 June 2015	\$47.40	\$71.00	\$0.00	\$0.00	\$118.40
			5-year average		\$123.32

Balance of \$50,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	\$280.00	\$115.00	\$65.00	\$0.00	\$460.00
30 June 2019	\$0.00	\$115.00	\$500.00	\$0.00	\$615.00
30 June 2018	\$0.00	\$115.00	\$550.00	\$0.00	\$665.00
30 June 2017	\$350.00	\$115.00	\$0.00	\$0.00	\$465.00
30 June 2016	\$385.00	\$115.00	\$0.00	\$0.00	\$500.00
30 June 2015	\$395.00	\$115.00	\$0.00	\$0.00	\$510.00
			5-year average		\$551.00

Balance of \$150,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	\$840.00	\$215.00	\$195.00	\$0.00	\$1,250.00
30 June 2019	\$0.00	\$215.00	\$1,500.00	\$0.00	\$1,715.00
30 June 2018	\$0.00	\$215.00	\$1,650.00	\$0.00	\$1,865.00
30 June 2017	\$1,050.00	\$215.00	\$0.00	\$0.00	\$1,265.00
30 June 2016	\$1,155.00	\$215.00	\$0.00	\$0.00	\$1,370.00
30 June 2015	\$1,185.00	\$215.00	\$0.00	\$0.00	\$1,400.00
			5-year average		\$1,523.00

Diversified Pension

The Fund has a minimum investment of \$20,000 in the Income Account, hence only tables for balances of \$50,000 and \$150,000 are shown below.

Balance of \$50,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	\$290.00	\$115.00	\$70.00	\$0.00	\$475.00
30 June 2019	\$0.00	\$115.00	\$505.00	\$0.00	\$620.00
30 June 2018	\$0.00	\$115.00	\$550.00	\$0.00	\$665.00
30 June 2017	\$350.00	\$115.00	\$0.00	\$0.00	\$465.00
30 June 2016	\$385.00	\$115.00	\$0.00	\$0.00	\$500.00
30 June 2015	\$395.00	\$115.00	\$0.00	\$0.00	\$510.00
			5-year average		\$552.00

Balance of \$150,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	\$870.00	\$215.00	\$210.00	\$0.00	\$1,295.00
30 June 2019	\$0.00	\$215.00	\$1,500.00	\$0.00	\$1,730.00
30 June 2018	\$0.00	\$215.00	\$1,650.00	\$0.00	\$1,865.00
30 June 2017	\$1,050.00	\$215.00	\$0.00	\$0.00	\$1,265.00
30 June 2016	\$1,155.00	\$215.00	\$0.00	\$0.00	\$1,370.00
30 June 2015	\$1,185.00	\$215.00	\$0.00	\$0.00	\$1,400.00
			5-year average		\$1,526.00

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS29QW:

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.

For the purposes of this question, information has been provided for the Diversified MySuper Accumulation investment option, and the Diversified Pension investment option. These options are the default investment options for members in the Accumulation and Pension Divisions, and represent 70% of total investments as at 30 June 2019.

Upon the first application of ASIC RG97 in 2018, the Fund took the approach that all investment fees were required to be disclosed as indirect costs. Consistent with this highly conservative approach, the Fund's disclosure included certain indirect costs which did not require inclusion under the provisions of RG97. Following a comprehensive review of this disclosure approach in late 2019, fees were revised and lowered on 2 December 2019, and disclosure now meets the actual requirements of RG97, rather than exceeding them. Also resulting from this review was a re-splitting of the indirect costs into investment fees and indirect costs, and a reduction in base and performance investment fees.

The tables below set out fees for the five years to 30 June 2019, including the average over this period. Also shown for comparison are the current fees as at 2 December 2019.

Diversified MySuper Accumulation

Balance of \$6,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	0.56%	1.18%	0.13%	0.00%	1.87%
30 June 2019	0.00%	1.18%	1.00%	0.00%	2.18%
30 June 2018	0.00%	1.18%	1.10%	0.00%	2.28%
30 June 2017	0.70%	1.18%	0.00%	0.00%	1.88%
30 June 2016	0.77%	1.18%	0.00%	0.00%	1.95%
30 June 2015	0.79%	1.18%	0.00%	0.00%	1.97%
5-year average					2.06%

Balance of \$50,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	0.56%	0.23%	0.13%	0.00%	0.92%
30 June 2019	0.00%	0.23%	1.00%	0.00%	1.23%
30 June 2018	0.00%	0.23%	1.10%	0.00%	1.33%
30 June 2017	0.70%	0.23%	0.00%	0.00%	0.93%
30 June 2016	0.77%	0.23%	0.00%	0.00%	1.00%
30 June 2015	0.79%	0.23%	0.00%	0.00%	1.02%
5-year average					1.10%

Balance of \$150,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	0.56%	0.14%	0.13%	0.00%	0.83%
30 June 2019	0.00%	0.14%	1.00%	0.00%	1.14%
30 June 2018	0.00%	0.14%	1.10%	0.00%	1.24%
30 June 2017	0.70%	0.14%	0.00%	0.00%	0.84%
30 June 2016	0.77%	0.14%	0.00%	0.00%	0.91%
30 June 2015	0.79%	0.14%	0.00%	0.00%	0.93%
5-year average					1.02%

Diversified Pension

The Fund has a minimum investment of \$20,000 in the Income Account, hence only tables for balances of \$50,000 and \$150,000 are shown below.

Balance of \$50,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	0.58%	0.23%	0.14%	0.00%	0.95%
30 June 2019	0.00%	0.23%	1.01%	0.00%	1.24%
30 June 2018	0.00%	0.23%	1.10%	0.00%	1.33%
30 June 2017	0.70%	0.23%	0.00%	0.00%	0.93%
30 June 2016	0.77%	0.23%	0.00%	0.00%	1.00%
30 June 2015	0.79%	0.23%	0.00%	0.00%	1.02%
			5-year average		1.10%

Balance of \$150,000

As at	Investment Fees	Administration Fees	Indirect Costs	Other Costs	Total Fees
2 December 2019	0.58%	0.14%	0.14%	0.00%	0.86%
30 June 2019	0.00%	0.14%	1.01%	0.00%	1.15%
30 June 2018	0.00%	0.14%	1.10%	0.00%	1.24%
30 June 2017	0.70%	0.14%	0.00%	0.00%	0.84%
30 June 2016	0.77%	0.14%	0.00%	0.00%	0.91%
30 June 2015	0.79%	0.14%	0.00%	0.00%	0.93%
			5-year average		1.02%



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS30QW:

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.

NGS Super Pty Limited (the Trustee of the Fund) owns shares in NGS Financial Planning Pty Ltd, which was established for the purpose of providing financial education and advice services (comprehensive, scaled, general and intrafund advice) to members of the Fund for NGS Super Pty Limited. NGS Financial Planning Pty Ltd does not provide these services to other funds or entities.

All fees paid to NGS Financial Planning Pty Ltd, whether direct to member or to the Fund, are charged on a cost-recovery basis. NGS Financial Planning Pty Ltd does not earn profit.

The cost of these services provided by NGS Financial Planning Pty Ltd for the past five financial years is shown below.

Year Ended 30 June	Service Costs (\$'000)
2019	\$1,796
2018	\$1,602
2017	\$1,027
2016	\$1,412
2015	\$1,015



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS31QW:

For the past five years:

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

FY 2015	\$1,151,476.71
FY2016	\$646,591.99
FY 2017	\$1,537,117.33
FY 2018	\$773,932.46
FY2019	\$220,797.02

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

	Cost per member
FY 2015	\$11.50
FY2016	\$6.55
FY 2017	\$15.72
FY 2018	\$8.01
FY2019	\$1.80

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

The total cost of advertising/marketing during FY19 per new FY19 member was \$23.14.

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

Nil

NGS Super does not advertise or market on television.

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

Nil, NGS Super does not advertise or market on the radio.

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

With the exception of communication in industry publications issued by professional bodies and other organisations where Fund membership is high (such as teacher's professional bodies) for which there is no explicit cost to NGS Super, the Fund does not advertise or market in print publications.

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

NGS Super's online advertising is aimed at retaining and attracting members while providing information about the benefits of membership of the Fund. The importance of this is heightened in a Choice superannuation environment where there is active competition for members.

Over the 5 years to 30 June 2019 the Fund spent \$63,597.12 on online marketing.

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

The Fund has three in house staff employed specifically in marketing and advertising roles

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

Nil

NGS Super does not engage external advertising and marketing consultants.

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

No



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS32QW:

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:

The Fund has utilised advertising on both the Google and Facebook platforms over the past decade. The Fund has not advertised on Twitter, Instagram or any other social media platforms.

Over the decade to 30 June 2019 the Fund spent a total of \$63,597 on advertising on Google and Facebook.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS33QW:

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

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

NGS Super has purchased Google advertisements over the past decade. These are traditional display advertisements.

With regards to Google search terms, the Fund uses Google Ad Words for the purpose of helping members to locate information with regards to the Fund whilst searching online as simply and easily as possible.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS34QW:

- 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?**

NGS Super uses Google Ad Words for the purpose of helping members to locate information with regards to the Fund while searching online as simply and easily as possible.

The Fund does not bid on competitors' names for competitive advantage.

- 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.**

best industry super
best industry super fund
best industry superannuation
best performing super
best performing super fund
best performing super pension
best rated super
best rated super fund
best super
best super company
best super fund
best super pension
best superannuation
best superannuation company
best teachers super
best teachers super fund
compare super
compare super fund
compare super pension
compare superannuation
consolidate super
consolidate super fund
consolidate superannuation
education super
education super fund
education superannuation

ethical industry super
ethical industry super fund
ethical super
ethical super fund
ethical superannuation
find super
find super fund
find superannuation
industry super
industry super fund
industry super pension
industry superannuation
low cost industry super
low cost super
low cost super fund
low cost superannuation
low fee industry super
low fee super
low fee super fund
low fee superannuation
manage super
manage super fund
manage superannuation
nfs super
nga super
ngi super
ngis super
ngs australia
ngs calculator
ngs diversified mysuper
ngs fees
ngs financial planning
ngs home
ngs industry
ngs investment options
ngs locations
ngs sup
ngs super
ngs super adelaide
ngs super australia
ngs super com au
ngs super fees
ngs super fund
ngs super funds
ngs super insurance
ngs super investment options

ngs super performance
ngs super pty limited
ngs super rating
ngs super returns
ngs super review
ngs super rollover form
ngs super sydney
ngs superannuation
ngs superannuation fund
ngs superfund
ngs website
ngssuper
ngssuper com
ngssuper com au
ngsuper
nsg super
self-managed super
self-managed super fund
self-managed superannuation
super
super adelaide
super australia
super benefits
super calculator
super company
super costs
super fees
super financial advice
super financial planning
super fund
super fund adelaide
super fund australia
super fund benefits
super fund calculator
super fund company
super fund costs
super fund fees
super fund financial advice
super fund investment options
super fund performance
super fund rating
super fund returns
super fund review
super fund rollover form
super fund sydney
super investment options

super pension
super pension australia
super pension calculator
super pension fees
super pension investment options
super pension performance
super pension returns
super pension review
super performance
super rating
super returns
super review
super rollover form
super sydney
superannuation
superannuation adelaide
superannuation australia
superannuation benefits
superannuation calculator
superannuation company
superannuation costs
superannuation fees
superannuation financial advice
superannuation financial planning
superannuation investment options
superannuation performance
superannuation rating
superannuation returns
superannuation review
superannuation rollover form
superannuation sydney
teachers super
teachers super fund
teachers superannuation
top industry super
top industry super fund
top performing super
top performing super fund
top rated super
top super
top super company
top super fund
top super pension
top superannuation
what is ngs super
www ngssuper com au

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS35QW:

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?

Given the number of factors affecting valuation or revaluation listed above, it is not feasible for the Fund which relies on overall valuations from third parties to deconstruct revaluations to determine the percentage of return on investment.

The Fund's unlisted assets are independently valued. In practice, unlisted assets are valued by external investment managers appointed by the Fund, in accordance with the manager's valuation policy and process, and the Trustee itself is not involved in the valuation process or in valuing unlisted assets.

Prior to appointment of an investment manager, consideration is given to the investment manager's valuation policies and processes to ensure, amongst other things, independence and robustness. These policies and processes are reviewed annually. As part of the Fund's due diligence on an investment manager before such appointment, the Fund considers a range of matters including:

- macro and micro economic factors, such as inflation, rising interest rates, GDP, market capitalisation, market share and competition
- concentration risk
- asset sales for the particular asset class
- diversification in the sector, including vintage/investment style and characteristics/lock-up period.

The Fund has confidence in its ability to monitor investment manager performance and the valuations for its unlisted assets.

Valuations can increase or decrease in line with market and economic conditions which the relevant third party valuer incorporates into their valuation reports. The Fund's investment managers have a clear basis for determining the frequency of valuation and a clear policy indicating circumstances that would necessitate an immediate revaluation in between periodic valuation. Individual unlisted assets use specific valuation methodologies (as appropriate) and, as indicated above, the Fund relies on its

investment managers to provide such valuations. There are many factors that affect the valuation or revaluation of unlisted assets including:

- changes in discount rates
- recent sales/similar assets currently for sale
- significant revaluations of other similar assets within the portfolio
- movement in an appropriate market index
- changes in the asset profile, such as green ratings for commercial properties
- movements in the occupancy and rental yields for commercial buildings
- changes in interest rates and capitalisation rates
- change to tax rules
- revenue and expense drivers for the underlying business.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS36QW:

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?**

The Fund seeks to generate returns from a diversified pool of assets which have both income and capital growth. A drop in income from unlisted assets will occur from time to time, and therefore impact performance, however the diversified uncorrelated sources of income received by the Fund means that any drop in income from one unlisted asset will not have a material impact on the overall returns of the portfolio.

The Fund uses scenario and stress testing as a risk management tool. Stress testing is performed in line with the requirements set out in the APRA Prudential Standards. This occurs at least annually. Stress testing is not limited to the performance of the Fund's unlisted assets. Instead, the Fund stress tests the entire portfolio and reviews performance and liquidity availability in a range of stressed scenarios.

The Fund believes that having a mixture of both listed and unlisted assets provides appropriate diversification and reduces the volatility of investment returns to the portfolio.

The Fund regularly reviews the attractiveness and value of its asset classes ensuring that investments achieve appropriate risk-adjusted returns. If the Fund is unable to purchase unlisted assets (onshore or offshore), for a variety of reasons, a different investment or asset class with appropriate risk and return characteristics would be sought. This outcome would not result in any immediate impact on the portfolio. However, over the medium to long term the diversification benefits received by investing in unlisted assets would diminish and volatility would increase leading to poorer outcomes for members.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS37QW:

How have you structured the fund to address the writing back of the increased investment capitalised future returns?

The Fund addresses the writing back of increased investment capitalised future returns via its approach to diversification of both investment managers and underlying assets. This is explained further below.

The Fund primarily operates an outsourced investment model, appointing external investment managers to manage Fund assets. Each appointed manager has separate strategies to ensure a level of protection to the Fund against the impact of falling capital values.

The Fund monitors its investments frequently including consideration of the current macroeconomic conditions, market environments, foreseeable risks in the horizon, and valuation. To mitigate the effect of high capital valuations, the Fund actively seeks investments that have a low to negative correlation with each other which also diversifies sources of both income and capital returns.

In addition to the benefits received from diversifying the portfolio, the Fund may sell assets/unit trust holdings that have appreciated in value and exceeded return targets. Directing future cash-flows to other asset classes is a strategy also used to dilute the size of these assets in the portfolio over time. The aim is to build a portfolio with a diverse asset mix such that assets are largely heterogeneous, and therefore the correlation of returns are low.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS38QW:

What are the projected changes in income in light of the writing back of the increased investment capitalised future returns?

There are no changes to projected income on the basis of the Fund's construction which ensures that the mix of both income and capital returns are well diversified and that one component of the portfolio return is not reliant on another.

The mix of assets within the portfolio are diverse and therefore the return components and drivers of return are largely unrelated.

In addition, the portfolio has a high allocation to income producing assets that have little reliance on capital growth and therefore the impact of any write back in capital value of any single unlisted asset would not materially disadvantage the Fund. When asset values appreciate, the Fund may look to reduce the weighting of these assets by selling them down and using future cash-flows to invest in other assets.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS39QW:

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?**

The Fund is confident that its valuation methods and assumptions for unlisted assets reflect their value.

The Fund's unlisted assets are independently valued in line with the Fund's valuation policy. In addition, an external asset consultant performs an annual valuation review of the Fund's managers and assets and compares the valuation approach against industry best practice and that adopted by other superannuation funds. This process involves the following:

- Where an asset is held in common across various managers, a review is conducted to consider the reasonableness in assumptions, gearing levels and discount rates applied. The asset consultant has visibility across a number of superannuation funds, and this allows them to have greater transparency of approaches taken and therefore benchmark a manager's reliability.
- Where there are listed comparables, e.g. Australian real estate trusts, airports, toll roads etc, a check is conducted periodically to measure the proximity in valuation to each other. Invariably the unlisted assets are traded at a material discount to the listed market.
- Private Equity is commonly compared against a basket of similar listed companies to validate price.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS40QW:

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

The Fund's weighted average 1-year return for unlisted assets as of 30 June 2019 is 8.88%.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS41QW:

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

The Fund's investment strategy seeks to allocate capital to quality assets to support long term investment objectives. In order to achieve long term investment objectives and diversification, this includes investment in a combination of directly held listed and unlisted assets and assets within pooled investment vehicles.

Liquidity is managed at a total Fund level and therefore individual asset liquidity does not provide a sufficient benefit to the Fund given its associated costs. These costs are both explicit (such as direct costs associated with listing), and implicit (including that markets focus on short-term earnings which is more likely to motivate listed companies to select projects with a quicker pay-off forgoing more valuable long-term value creation).

Current disclosure to the asset owners, in this case the Fund provides an adequate level of information to remain informed of the management of the assets and performance. In addition, there is a tangible benefit associated with remaining unlisted given the greater control over the assets' strategic direction which is not possible via the listed market.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS42QW:

a. How many unlisted assets do you hold in the fund?

The Fund holds unlisted assets via 91 unlisted trusts.

b. What value share are unlisted assets of the fund's:

i. total value?

ii. total property value?

As at 30 June 2019, the total value of the Fund's unlisted assets was \$3,154,312,607 or 27% of FUM and the total value of the Fund's unlisted property holdings was \$1,161,709,386 or approximately 90% of total property holdings.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS43QW:

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?**

A consistent discount rate is not used. Discount rates are set independently by third party valuers in accordance with relevant accounting standards and industry best practice. Individual unlisted assets use specific valuation methodologies (as appropriate) and the Fund relies on its external investment managers to provide such valuation.

- 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?**

One of the inherent characteristics of investing in unlisted markets is the capacity to take advantage of information differences between parties to a transaction. As such, discount rate information has not been included as it is confidential, non-public and commercially sensitive information. The disclosure of valuations and even discount rates could undermine members' interests when it comes to the eventual sale of an asset by better informing a prospective buyer of the carrying value of an asset thereby providing future potential buyers an unfair advantage in pricing, or negotiating the pricing, of those assets to the detriment of the members of the Fund.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS44QW:

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

Over a five-year period, unlisted sectors have outperformed the Fund's returns on its MySuper option.

Unlisted assets form part of the Fund's asset allocation mix for each of its superannuation investment options. The Fund, on advice from its asset consultants determines:

- the appropriate sector/s within which each unlisted asset should be housed
- how each of the Fund's sectors are to be benchmarked
- the appropriate asset allocation (exposure) each of the Fund's investment options have to each sector taking into account the risk and return objectives of each individual investment option.

The below table shows the return of the MySuper option and the weighted average return of the Fund's unlisted sector over one, three and five years.

	Returns		
	1 YR	3 YR	5 YR
Diversified MySuper	7.23%	9.55%	8.18%
Weighted average return of Unlisted Sectors *	8.63%	9.31%	8.76%

* Unlisted Sectors includes:

Growth Alternative Sector

Bond Alternative Sector

Unlisted Infrastructure Sector

Property Income Sector



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS45QW:

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?

The Fund's Diversified (MySuper) investment option has consistently outperformed the relevant investment objective.

The Fund regularly assesses its capacity to provide returns to members into the future based on the valuations of its unlisted assets. This includes:

- Regular review of the asset allocation mix and rebalancing of the portfolio between asset classes, subject to the medium-term asset class return forecast. This process involves, but is not limited to, evaluating (as appropriate) macroeconomic research, capital markets research, foreseeable risks on the horizon, investment manager performance, and valuations. Monte Carlo simulation is performed across each investment option to determine the probability of meeting return objectives in the future. This exercise is completed annually as part of the strategic asset allocation review.
- At the sector level, evaluating existing and potential investments. The Fund invests/divests accordingly to ensure that the unlisted asset class sectors can achieve their required performance objective, which for the Diversified (MySuper) investment option involves an objective over a 10-year rolling period.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS46QW:

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.**

The majority of Fund assets are held via pooled investment vehicles which have not experienced a devaluation greater than \$10 million in the last decade.

The Fund's unlisted assets are independently valued in line with the Fund's valuation policy. In practice, unlisted assets are valued by external investment managers appointed by the Fund, in accordance with the manager's valuation policy and process, and the Trustee itself is not involved in the valuation process or in valuing unlisted assets. The investment manager is responsible for the appointment of individual valuers.

Valuations can increase or decrease in line with market and economic conditions which the relevant third party valuer incorporates into their valuation reports.

In the event that the Fund does not agree with a valuation due to information available to it that can reasonably be used as the basis for an alternative valuation, or there is an alternative valuation the Trustee can challenge a valuation in accordance with its valuation policy, however this has not historically occurred.

Valuers used by the Fund are set out in Attachments NGS07QW.1 and NGS08QW.1.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS47QW:

For each year of the past decade:

a. How many fund members do you have?

FY ending June	Members
2019	117,824
2018	96,583
2017	97,773
2016	98,631
2015	100,158
2014	104,322
2013	104,909
2012	103,294
2011	90,460
2010	81,938

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

FY ending June	Financial advisors	Member to financial advisor ratio
2019~	17	6,930 members per financial advisor
2018~	16	6,036 members per financial advisor
2017~	15	6,518 members per financial advisor
2016	5	19,726 members per financial advisor
2015	5	20,017 members per financial advisor
2014	4	26,080 members per financial advisor
2013	4	26,227 members per financial advisor
2012	4	25,823 members per financial advisor
2011	4	22,615 members per financial advisor
2010	3	27,312 members per financial advisor

~ This includes 10 Customer Relationship Managers who became licenced to provide general advice during FY2017

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

As above. The term financial advisor and financial planner are used interchangeably by the Fund.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS48QW:

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?

NGS Super Pty Limited (the Trustee of the Fund) owns shares in NGS Financial Planning Pty Ltd, which was established for the purpose of providing financial education and advice services to members of the Fund. NGS Financial Planning Pty Ltd does not provide these services to other funds or entities.

NGS Financial Planning Pty Ltd provides scaled and comprehensive financial advice direct to members of the Fund. Members receiving scaled and comprehensive advice services pay NGS Financial Planning Pty Ltd directly for the services. In some cases where permitted by law, the member may elect for the payment to be deducted from their account in the Fund.

NGS Financial Planning Pty Ltd provides education, general advice and intra-fund advice services for NGS Super, for which the Fund makes payment to NGS Financial Planning Pty Ltd.

All fees of NGS Financial Planning Pty Ltd, whether direct to member or to the Fund, are charged on a cost-recovery basis. NGS Financial Planning Pty Ltd does not earn profit.

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

Please note that the Fund does not distinguish between “financial planning” and “financial advice,” and hence our responses to questions a. and c. incorporate all financial planning/advice services.

The table below sets out total member advice fees of NGS Financial Planning Pty Ltd, separated into the categories of “Education, General Advice and Intra-Fund Advice” and “Scaled and Comprehensive Advice.” Costs per member for Scaled and Comprehensive Advice have not been included, as these services apply to and are paid only by members who take them up. The costs vary depending on extent and complexity of the advice required by members.

Year Ended 30 June	Total Member Advice Fees (\$'000)			Fees Per Member (\$)	
	Education, General Advice, Intra- Fund Advice	Scaled, Comprehensive Advice	Total Education and Advice	Education, General Advice, Intra- Fund Advice	Scaled, Comprehensive Advice
2019	\$1,796	\$356	\$2,152	\$18	N/A
2018	\$1,602	\$359	\$1,961	\$16	N/A
2017	\$1,027	\$357	\$1,384	\$10	N/A
2016	\$1,412	\$326	\$1,738	\$14	N/A
2015	\$1,015	\$224	\$1,239	\$10	N/A
2014	\$1,119	\$132	\$1,251	\$11	N/A
2013	\$901	\$190	\$1,091	\$9	N/A
2012	\$654	\$187	\$841	\$7	N/A
2011	\$528	\$144	\$672	\$6	N/A
2010	\$989	\$96	\$1,085	\$12	N/A

In addition to the above, Client Relationship Managers are able to provide limited general and intra-fund advice to members. As this is only a part of the role performed by Client Relationship Managers, it is not possible to isolate advice expenses from total expenses.

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

Nil. Financial planning services are not provided to other funds or entities.

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

See question a.

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

Nil. Financial planning services are not provided to other funds or entities.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS49QW:

For each year of the past decade:

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

General advice fees are set out in the Fund's response NGS48QW (a). It is not possible to isolate general advice fees from education and intra-fund advice.

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

NGS Super Financial Advisors and Client Relationship Managers who are authorised to provide general advice do not receive and have never received variable remuneration in the nature of bonuses.

Note: the term financial advisor and financial planner are used by the Fund interchangeably.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS50QW:

For each year of the past decade:

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

Scaled advice fees are set out in the Fund's response to NGS48QW (a). It is not possible to isolate scaled advice fees from comprehensive advice.

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

NGS Super Financial Advisors and Client Relationship Managers who are authorised to provide scaled advice do not receive and have never received variable remuneration in the nature of bonuses.

Note: the term financial advisor and financial planner are used by the Fund interchangeably.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS51QW:

For each year of the past decade:

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

Comprehensive advice fees are set out in the Fund's response to NGS48QW (a). It is not possible to isolate comprehensive advice fees from scaled advice.

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

NGS Super Financial Advisors who are authorised to provide comprehensive advice do not receive and have never received variable remuneration in the nature of bonuses.

Note: the term financial advisor and financial planner are used by the Fund interchangeably.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS52QW:

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?

Intra-fund advice fees are set out in the Fund's response to NGS48QW (a). It is not possible to isolate intra-fund advice fees from education and general advice.

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

NGS Super Financial Advisors and Client Relationship Managers who are authorised to provide intra-fund advice do not receive and have never received variable remuneration in the nature of bonuses.

Note: the term financial advisor and financial planner are used by the Fund interchangeably.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS53QW:

How many employees does the fund have?

The Fund had 70 employees as at 31 December 2019.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS54QW:

How do you define employee misconduct?

Behaviours which may constitute misconduct are detailed below. This list is not exhaustive but an indication of the types of behaviour which will fall into this category:

- wilful or deliberate behaviour by an employee which is inconsistent with the continuation of the contract of employment
- misrepresentation of credentials
- refusing to carry out a lawful and reasonable instruction consistent with the employee's contract of employment
- conviction for a crime outside of the course of employment where the crime is inconsistent with the individual's duties as an employee
- bullying and harassment
- conduct which causes imminent and serious risk to:
 - the health or safety of a person
 - the reputation, viability or profitability of the Fund Trustee's business.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS55QW:

Over the past five years:

Note answers are in respect to the 5 year period to 30 June 2019

a. How many employees have been cautioned for misconduct?

2

b. How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct?

0. The Fund does not pay variable remuneration.

c. How many employees have been terminated for misconduct?

1

d. How many employees have been cautioned for misconduct, as a share of all employees over that timeframe?

2%

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?

0%

f. How many employees have been terminated for misconduct, as a share of all employees over that timeframe?

1%



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS56QW:

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

The Fund supports the operation of these provisions of the *Corporations Act 2001* and external investment managers engaged by the Fund typically assess corporate remuneration of listed companies as part of their investment and governance due diligence.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS57QW:

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?

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	20 employees
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS58QW:

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

Total incentive bonuses value	Number (ie 1 employee)
<\$1,000,000	0 employees
\$1,000,001 - \$2,000,000	0 employees
\$2,000,001 - \$3,000,000	0 employees
\$3,000,001 - \$4,000,000	0 employees
\$4,000,001 - \$5,000,000	0 employees
\$5,000,001 - \$6,000,000	0 employees
\$6,000,001 - \$7,000,000	0 employees
\$7,000,001 - \$8,000,000	0 employees
\$8,000,001 - \$9,000,000	0 employees
\$9,000,001 - \$10,000,000	0 employees
\$10,000,001 - \$11,000,000	0 employees
\$11,000,001 - \$12,000,000	0 employees
\$12,000,001 - \$13,000,000	0 employees
\$13,000,001 - \$14,000,000	0 employees
\$14,000,001 - \$15,000,000	0 employees
\$15,000,001 - \$16,000,000	0 employees
\$16,000,001 - \$17,000,000	0 employees
\$17,000,001 - \$18,000,000	0 employees
\$18,000,001 - \$19,000,000	0 employees
\$19,000,001 - \$20,000,000	0 employees
\$20,000,001 - \$25,000,000	0 employees
\$25,000,001 - \$30,000,000	0 employees
\$30,000,001 - \$35,000,000	0 employees
\$35,000,001 - \$40,000,000	0 employees
\$40,000,001 - \$45,000,000	0 employees
\$45,000,001 - \$50,000,000	0 employees
>\$50,000,000	0 employees



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS59QW:

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

Total performance bonuses value	Number (ie 1 employee)
<\$1,000,000	0 Employees
\$1,000,001 - \$2,000,000	0 Employees
\$2,000,001 - \$3,000,000	0 Employees
\$3,000,001 - \$4,000,000	0 Employees
\$4,000,001 - \$5,000,000	0 Employees
\$5,000,001 - \$6,000,000	0 Employees
\$6,000,001 - \$7,000,000	0 Employees
\$7,000,001 - \$8,000,000	0 Employees
\$8,000,001 - \$9,000,000	0 Employees
\$9,000,001 - \$10,000,000	0 Employees
\$10,000,001 - \$11,000,000	0 Employees
\$11,000,001 - \$12,000,000	0 Employees
\$12,000,001 - \$13,000,000	0 Employees
\$13,000,001 - \$14,000,000	0 Employees
\$14,000,001 - \$15,000,000	0 Employees
\$15,000,001 - \$16,000,000	0 Employees
\$16,000,001 - \$17,000,000	0 Employees
\$17,000,001 - \$18,000,000	0 Employees
\$18,000,001 - \$19,000,000	0 Employees
\$19,000,001 - \$20,000,000	0 Employees
\$20,000,001 - \$25,000,000	0 Employees
\$25,000,001 - \$30,000,000	0 Employees
\$30,000,001 - \$35,000,000	0 Employees
\$35,000,001 - \$40,000,000	0 Employees
\$40,000,001 - \$45,000,000	0 Employees
\$45,000,001 - \$50,000,000	0 Employees
>\$50,000,000	0 Employees



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS60QW:

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?

The severance information below forms part of the overall redundancy packages included in response to NGS62QW

Total severance package value	Number (ie 1 employee)
<\$1,000,000	12 employees
\$1,000,001 - \$2,000,000	0 employees
\$2,000,001 - \$3,000,000	0 employees
\$3,000,001 - \$4,000,000	0 employees
\$4,000,001 - \$5,000,000	0 employees
\$5,000,001 - \$6,000,000	0 employees
\$6,000,001 - \$7,000,000	0 employees
\$7,000,001 - \$8,000,000	0 employees
\$8,000,001 - \$9,000,000	0 employees
\$9,000,001 - \$10,000,000	0 employees
\$10,000,001 - \$11,000,000	0 employees
\$11,000,001 - \$12,000,000	0 employees
\$12,000,001 - \$13,000,000	0 employees
\$13,000,001 - \$14,000,000	0 employees
\$14,000,001 - \$15,000,000	0 employees
\$15,000,001 - \$16,000,000	0 employees
\$16,000,001 - \$17,000,000	0 employees
\$17,000,001 - \$18,000,000	0 employees
\$18,000,001 - \$19,000,000	0 employees
\$19,000,001 - \$20,000,000	0 employees
\$20,000,001 - \$25,000,000	0 employees
\$25,000,001 - \$30,000,000	0 employees
\$30,000,001 - \$35,000,000	0 employees
\$35,000,001 - \$40,000,000	0 employees
\$40,000,001 - \$45,000,000	0 employees
\$45,000,001 - \$50,000,000	0 employees
>\$50,000,000	0 employees



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS61QW:

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?

Total termination package value	Number (ie 1 employee)
<\$1,000,000	20 employees
\$1,000,001 - \$2,000,000	0 employees
\$2,000,001 - \$3,000,000	0 employees
\$3,000,001 - \$4,000,000	0 employees
\$4,000,001 - \$5,000,000	0 employees
\$5,000,001 - \$6,000,000	0 employees
\$6,000,001 - \$7,000,000	0 employees
\$7,000,001 - \$8,000,000	0 employees
\$8,000,001 - \$9,000,000	0 employees
\$9,000,001 - \$10,000,000	0 employees
\$10,000,001 - \$11,000,000	0 employees
\$11,000,001 - \$12,000,000	0 employees
\$12,000,001 - \$13,000,000	0 employees
\$13,000,001 - \$14,000,000	0 employees
\$14,000,001 - \$15,000,000	0 employees
\$15,000,001 - \$16,000,000	0 employees
\$16,000,001 - \$17,000,000	0 employees
\$17,000,001 - \$18,000,000	0 employees
\$18,000,001 - \$19,000,000	0 employees
\$19,000,001 - \$20,000,000	0 employees
\$20,000,001 - \$25,000,000	0 employees
\$25,000,001 - \$30,000,000	0 employees
\$30,000,001 - \$35,000,000	0 employees
\$35,000,001 - \$40,000,000	0 employees
\$40,000,001 - \$45,000,000	0 employees
\$45,000,001 - \$50,000,000	0 employees
>\$50,000,000	0 employees



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS62QW:

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?

Total redundancy package value	Number (ie 1 employee)
<\$1,000,000	12 employees
\$1,000,001 - \$2,000,000	0 employees
\$2,000,001 - \$3,000,000	0 employees
\$3,000,001 - \$4,000,000	0 employees
\$4,000,001 - \$5,000,000	0 employees
\$5,000,001 - \$6,000,000	0 employees
\$6,000,001 - \$7,000,000	0 employees
\$7,000,001 - \$8,000,000	0 employees
\$8,000,001 - \$9,000,000	0 employees
\$9,000,001 - \$10,000,000	0 employees
\$10,000,001 - \$11,000,000	0 employees
\$11,000,001 - \$12,000,000	0 employees
\$12,000,001 - \$13,000,000	0 employees
\$13,000,001 - \$14,000,000	0 employees
\$14,000,001 - \$15,000,000	0 employees
\$15,000,001 - \$16,000,000	0 employees
\$16,000,001 - \$17,000,000	0 employees
\$17,000,001 - \$18,000,000	0 employees
\$18,000,001 - \$19,000,000	0 employees
\$19,000,001 - \$20,000,000	0 employees
\$20,000,001 - \$25,000,000	0 employees
\$25,000,001 - \$30,000,000	0 employees
\$30,000,001 - \$35,000,000	0 employees
\$35,000,001 - \$40,000,000	0 employees
\$40,000,001 - \$45,000,000	0 employees
\$45,000,001 - \$50,000,000	0 employees
>\$50,000,000	0 employees

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS63QW: Can you please advise what arrangements you have provided to defer the payment of rent for tenancies for assets owned by your fund as a result of keeping SMEs operational during the COVID-19 pandemic? And to what dollar value has that reduced revenue to your fund since 1 February 2020?

The Fund is actively engaging with its property investment managers to understand the impacts of the spread of COVID-19 globally and the resulting government-imposed measures to limit the movement of people. These measures have had significant impacts on many business operations, in particular retail businesses, which predominantly rely on consumer foot traffic to remain viable and profitable.

On 7 April 2020, the National Cabinet released a mandatory Code of Conduct (the Code) relating to commercial leasing and SMEs during COVID-19. The Code sets out good faith leasing principles to guide discussions between commercial landlords and tenants who are significantly affected by the COVID-19 crisis. It will apply to tenants who are eligible for the Commonwealth Government's JobKeeper program and have a turnover of less than \$50 million. Most significantly, the Code requires owners to provide rental relief to qualifying tenants by the same proportion as the loss of revenue experienced by the tenant. Half of this rent relief must be given in the form of a rent waiver, while the other half can be a deferral of rent spread over the balance of the lease term or for a period of no less than 24 months, whichever is greater.

The Fund's property investment managers have advised that they have implemented processes to address temporary rent deferrals and abatements, if required, by applying the good faith principles of the Code. Any agreements for rent relief or longer-term rent deferral for eligible SMEs, will be made in line with the Code.

Under the current circumstances there is material uncertainty around impacted tenants' ability to pay rent including any deferred rent. Impacted tenants' ability to pay rent depends on future uncertain events, including when a tenant may start to trade again and what the financial position of the tenant may look like when the tenant recommences trading. It is very challenging to assess with a high degree of confidence, the recoverability of unpaid rent (including deferred rent) which may only be known when the tenants commence trading again.

Across the Fund's retail property portfolio it is expected that net income will fall significantly over the short to medium term, due to rental concessions provided to impacted tenants and impairment of

unpaid rent (including deferred rent). At this stage, our commercial office and industrial property managers have advised that they have not experienced many tenant arrears or requests for rent relief.

The Fund's managers are currently working through potential impacts to revenue, however they will not have a finalised view until they can clarify the particulars noted above and then receive appropriate information from tenants that are potentially eligible for relief. It is too early to accurately quantify the revenue impact to the Fund's revenue at present.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS64QW: Can you please advise what arrangements you have provided to defer the payment of rent for tenancies for assets controlled by your fund as a result of keeping SMEs operational during the COVID-19 pandemic? And to what dollar value has that reduced revenue to your fund since 1 February 2020?

The Fund is actively assessing the impacts of the spread of COVID-19 globally and the resulting government-imposed measures to limit the movement of people. These measures have had significant impacts on many business operations, in particular retail businesses, which predominantly rely on consumer foot traffic to remain viable and profitable.

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The Fund does not have direct control over retail property assets, however, it does have control of some commercial office and industrial property assets. To date there has not been a large number of requests for deferment. The Fund will consider any reasonable request to defer the payment of a tenant's rent by applying the good faith principles of the Code. The Fund has already considered and agreed to a few requests to defer the payment of tenants' rent by up to three months with recovery available for up to twelve months. The Fund is also in the process of assessing some requests for rent waivers. Any agreements for rent relief or longer-term rent deferral for eligible SMEs, will be made in line with the Code.

The Fund acknowledges some tenants will face operational challenges in the current environment, which is constantly evolving, and will work with tenants, where possible, to implement a reasonable outcome for both landlord and tenant.

It is too early to accurately quantify the revenue impact to the Fund's revenue at present.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

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The Fund's property investment managers have advised that they have implemented processes to address temporary rent deferrals and abatements, if required, by applying the good faith principles of the Code. They will be having discussions and reviewing tenants that may be entitled to relief under the Code, with the current approach to allow tenants to defer rental payment if they are financially stressed until such time as the support discussions can be had.

Across the Fund's retail property portfolio it is expected that net income will fall significantly over the short to medium term, due to rental concessions provided to impacted tenants and impairment of unpaid rent (including deferred rent). At this stage, the Fund's commercial office and industrial property managers have advised that they have not experienced many tenant arrears or requests for rent relief.

The Fund's managers are currently working through potential impacts to revenue, however they will not have a finalised view until they can clarify the particulars noted above and then receive

appropriate information from tenants that are potentially eligible for relief. It is too early to accurately quantify the impact to the Fund's revenue at present.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

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HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS67QW: On 1 January 2020 what was your percentage share and nominal value of your listed and unlisted assets?

The Fund had a total of A\$12,041,826,062.04 in assets under management as at 1 January 2020. The below table shows the nominal value (\$) and percentage share (%) of the Fund's listed and unlisted assets:

Net Asset Values (\$)	01-Jan-20
Listed	\$ 8,788,218,161.98
Unlisted	\$ 3,253,607,900.06
Grand Total	\$ 12,041,826,062.04
Net Asset Values (%)	01-Jan-20
Listed	72.98%
Unlisted	27.02%
Total	100.00%



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS68QW: On 1 January 2020 did your fund have liquidity issues resulting from honouring obligations to members?

No

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS69QW: What write down, if any, has been made to the value of unlisted assets?

Some of the Fund's assets have been affected (financially and operationally) by the spread of COVID-19 globally and the resulting government-imposed measures to limit the movement of people. The Trustee, in line with the Fund's Valuation Policy, quickly recognised the need to determine whether it could reasonably rely on manager last known valuations for unit pricing or whether the Fund needed to use an alternative basis for valuation, to ensure member equity.

The Fund's unlisted assets are predominantly managed by investment managers with assets valued by independent valuers monthly, quarterly, six-monthly or annually, depending on the particular asset. The Fund has been actively engaging with investment managers to ensure they have a clear basis for determining the frequency of valuations and any circumstances that would necessitate an immediate revaluation in between these regular valuations. The Fund recognises that, in light of the evolving COVID-19 pandemic and its implications for unlisted assets, additional monitoring is necessary.

The Fund has been working with its unlisted investment managers to understand the impacts on each asset within the portfolio. There has been significant focus on short-term credit stress, whilst also ensuring consideration is given to the long-term valuation impact on the assets in the portfolio.

The Fund's investment managers asked independent valuers to consider the impacts of COVID-19 in 31 March 2020 valuations. Where it was not possible to meaningfully update cash flows to reflect likely COVID-19 impacts, valuers predominantly looked at adjusting discount rates to capture uncertainty. In some instances, where appropriate, the manager instead used the low point in an asset's valuation range.

The majority of the 31 March 2020 valuation reviews for unlisted assets were included in the Fund's unit pricing earlier than usual to appropriately reflect market conditions and any write downs, which occurred across some of the Fund's infrastructure and property assets, with exposures to airports, retail shopping centres toll roads and seaports causing the most write down impact.

The Fund continues to engage with investment managers as the situation evolves.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS70QW: Listed companies holding infrastructure assets have had write downs of around 40 per cent:

- a. How does this compare to your write down of unlisted assets?
- b. If there is a difference, why is there a difference?

The basis for holding unlisted assets as opposed to listed assets is to provide diversification between assets and relative return stability through secured long-term income streams.

The Fund has exposure to listed and unlisted assets within its infrastructure sector and they play significantly different roles:

- For listed assets, the latest valuation is typically readily available, there is much higher volatility and they are highly liquid. Pricing reflects market sentiment, which may not reflect actual asset value.
- For unlisted assets, the Fund seeks to adopt an optimal independent valuation source in terms of transparency and appropriateness, and valuations tend to be more stable as they are based on estimated capital value and similar transactions. This means typically they will not experience the significantly high levels of value that listed assets reach; conversely, they are not expected to reach the lower level of valuation for listed assets.

Listed infrastructure write downs have been significant and they are significantly higher than the Fund's unlisted infrastructure asset write downs. As mentioned above, the holding structure is materially different with market sentiment driving listed infrastructure prices. In comparison, for the quarter to 31 March 2020 the Fund's unlisted infrastructure sector write down was around 5%. There is a difference in pricing, as the Fund has a high level of diversification within its infrastructure sector with a diversified mix of regulated and long-term contracted asset continuing to perform well in the current environment along with some exposure to international infrastructure, which has provided positive currency effects within the sector. Listed infrastructure experienced higher price increases over the year, significantly above the levels recorded in unlisted infrastructure. On this basis it is only reasonable to expect that in a downturn, having started at a much higher level, listed infrastructure would, based on changes in market sentiment, be written down to lower levels than unlisted infrastructure assets.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

- NGS71QW: Have you had any liquidity issues in honouring your obligations to members as a result of the:**
- a. recent decline in the share market?**
 - b. permission by the Federal government to allow members to remove up to \$10,000 per financial year if they lose their job?**

No



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS72QW: What has been the current reduction of the value of your fund, and the unlisted and listed components since 1 January 2020?

The Fund has observed a meaningful reduction in FUM during the period of 1 January 2020 to 31 March 2020. Below is the summary of the changes in aggregate and by asset class with commentary.

Net Asset Values (\$)	As at 31 March 2020	% change in FUM (1 January 2020 – 31 March 2020)
Listed	\$ 7,545,601,974.85	-14.14%
Unlisted	\$ 3,219,763,900.90	-1.04%
Grand Total	\$ 10,765,365,875.75	

The smaller level of reduction in the value of the Fund's unlisted assets is due to high levels of diversification within the asset class, including lower levels of retail assets as well as holdings in industrial property with minimal or no impairment to income.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS73QW: How many members have requested the early release of their superannuation since 12 March 2020, and to what value?

Please also provide monthly updates on the first of the month for the remainder of 2020 to the secretariat.

For the period 12 March 2020 to 17 April 2020, 35 members have requested the early release of their superannuation due to severe financial hardship and on compassionate grounds.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS74QW: How many members have had approved the early release of their superannuation since 12 March 2020, and to what value?

Please also provide monthly updates on the first of the month for the remainder of 2020 to the secretariat.

For the period 12 March 2020 to 17 April 2020, 29 members have had approved the early release of their superannuation due to severe financial hardship and on compassionate grounds with a total value of \$363,742.06.



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS75QW:

If some members have required the early release of their superannuation since 12 March 2020 and not been approved, please provide details of the grounds on which they have not been approved.

For the period 12 March 2020 to 17 April 2020, 6 applications for the early release of superannuation due to severe financial hardship and on compassionate grounds were not approved.

Details of the grounds upon which they were not approved are outlined below.

Claim type	Reason for not approving	Volume
Financial hardship	Declined due to member being eligible for income support	4
	Account rolled over to another super fund/closed prior to receiving the request	1
Companionate grounds	Instruction from the ATO to not release funds on grounds that the ATO has not issued approval letters.	1
Total		6

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

NGS Super

NGS76QW:

Liquidity management:

- a. What is your fund's process for complying with APRA's prudential framework which requires trustees to have a liquidity management plan?**
- b. How is the plan being reported to the trustee directors?**
- c. Who is responsible for the day-to-day liquidity management for the fund?**

There are several regulatory requirements relating to liquidity management, including APRA Prudential Standard SPS530 Investment Governance which imposes a number of requirements, including the conduct of stress tests on investment portfolios and liquidity management. SPS 530 requires an RSE licensee to determine procedures to measure and manage liquidity in accordance with a developed liquidity plan.

NGS Super maintains a Liquidity Management Plan (LMP) which is reviewed periodically by the internal investments team and Trustee Investment Committee with the final approval resting with the Trustee Board. The LMP contemplates a number of factors including:

- member demographics including age, phase of membership (accumulation or pension), average member balances, member contributions and the active / inactive membership ratio
- each options' perceived positioning within any members' investment profile
- the observed level of member switching activity in previous stressed or liquidity events
- the historical and projected cash flow position of the Fund
- specific asset liquidity characteristics in times of market stress
- levels of member investment in each investment option, and
- the ease of selling underlying assets within each option under both normal and stressed market scenarios.

The Fund's LMP sets out:

- roles and responsibilities of the Trustee Board, Investment Committee, internal investments team, Risk Team and asset consultant/s
- what is deemed a liquidity event
- the individual investment option's liquidity tolerances
- the overall Fund liquidity tolerance

- management and monitoring of stated liquidity tolerances
- cash management
- stress testing requirements
- what actions are to be taken in a liquidity event
- the reporting requirements from management to the Trustee Board, other internal stakeholders and APRA (if required), and
- policy review requirements.

The internal investments team with oversight of the Fund's Risk team has the responsibility to monitor and manage the Fund's liquidity position in accordance with the approved LMP.

The Fund has implemented several liquidity tolerances and triggers at both the Fund and investment option level. The Trustee has implemented the following steps to monitor and forecast cash and liquidity positions to minimise the possibility of a liquidity event occurring:

- weekly¹ monitoring of the Fund and each investment options' liquid versus illiquid assets, compared against agreed liquidity tolerances
- weekly monitoring of member cash flows for significant member activity
- weekly monitoring of each options' actual cash position using cash flow projections in conjunction with the cash flow profile, to identify possible short to medium term requirements on a forward-looking basis
- weekly monitoring of unrealised gain / loss positions on currency and other overlay managers
- performance monitoring
- monitoring of upcoming call payments
- monitoring member switches and contributions, and
- annual portfolio stress testing (including liquidity provisions).

Weekly reporting on the Fund liquidity tolerance results are provided to the Board.

¹ Since the spike in volatility due to COVID-19, the Fund has increased the monitoring of the Fund and each investment options' liquidity tolerance levels to twice weekly.