

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

OnePath

OP128QW	Since 1 January 2020, for each fund, please outline: a. The date and value at the highest valuation of the fund? b. The date and value at the lowest valuation of the fund? c. The number of business days between the highest and lowest valuation for the fund? d. The nominal value between the highest and lowest valuation for the fund? e. The percentage value between the highest and lowest valuation for the fund? f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund? g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund? h. What volume of switching of investments occurred between funds between the highest and lowest valuations? i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations? j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations? k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations? l. What integrity measures were taken to prohibit trustees, executives and employees switching between funds from taking advantage of arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund?
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Answer:

OnePath¹ offers a range of funds and a substantial number of investment options offering a wide range of investment funds, asset managers and asset classes, including multi-manager funds and MySuper options.

For ease of clarity and comparison we have included responses for the OnePath MySuper product at the individual Lifestage investment option level. The period covered is 01/01/2020 to 31/07/2020.

¹ OnePath Custodians Pty Limited (ABN 12 008 508 496, RSE L0000673)

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a. The date and value at the highest valuation of the fund.

MySuper Default product	Date	Value
MySuper Lifestage 1940s	20-Feb-2020	\$108,155,719
MySuper Lifestage 1950s	20-Feb-2020	\$1,226,755,324
MySuper Lifestage 1960s	20-Feb-2020	\$3,972,968,906
MySuper Lifestage 1970s	20-Feb-2020	\$5,310,395,589
MySuper Lifestage 1980s	20-Feb-2020	\$4,114,787,875
MySuper Lifestage 1990s	20-Feb-2020	\$1,086,338,174
MySuper Lifestage 2000s	20-Feb-2020	\$9,307,423
	Total	\$ 15,827,289,180

b. The date and value at the lowest valuation of the fund.

MySuper Default product	Date	Value
MySuper Lifestage 1940s	23-Mar-2020	\$91,251,270
MySuper Lifestage 1950s	23-Mar-2020	\$1,002,117,551
MySuper Lifestage 1960s	23-Mar-2020	\$3,069,431,856
MySuper Lifestage 1970s	23-Mar-2020	\$3,927,179,140
MySuper Lifestage 1980s	23-Mar-2020	\$2,953,292,121
MySuper Lifestage 1990s	23-Mar-2020	\$787,993,793
MySuper Lifestage 2000s	23-Mar-2020	\$6,103,334
	Total	\$ 11,837,369,066

c. The number of business days between the highest and lowest valuation for the fund.

The number of business days between the highest and lowest valuation points for the MySuper options was 22 days.

d. The nominal value between the highest and lowest valuation for the fund.

e. The percentage value between the highest and lowest valuation for the fund.

MySuper Default product	Nominal Value	Percentage value
MySuper Lifestage 1940s	\$16,904,449	-13.1%
MySuper Lifestage 1950s	\$224,637,773	-15.6%
MySuper Lifestage 1960s	\$903,537,050	-21.6%
MySuper Lifestage 1970s	\$1,383,216,449	-25.1%
MySuper Lifestage 1980s	\$1,161,495,754	-26.9%
MySuper Lifestage 1990s	\$298,344,381	-27.1%
MySuper Lifestage 2000s	\$1,784,258	-26.6%
Total	\$3,989,920,114	

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Notes:

1. The nominal value shown above is simply the difference between the highest and lowest net asset value of the MySuper Lifestage option which is inclusive of market movement of assets, member flows and fees deducted.
 2. The percentage value is the net unit price return between the highest and lowest valuation dates.
- f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?

The ASX All ordinaries index lowest valuation during the period 01/01/2020 to now was on the 23rd March when the index reached a low of 4,564. This is also the date of the lowest valuation for the MySuper Lifestage options. Therefore, there is no gap between these two dates.

- g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?

The MySuper Lifestage options do not have any exposure to unlisted assets. All underlying investment assets had a valuation price as at close of business 23rd March 2020.

Note: Unlisted assets in this context are defined as investments (looking through any fund of fund investment structure) not listed in any exchange or tradeable in open market and can include private equity, infrastructure, direct property and private credit.

- h. What volume of switching of investments occurred between funds between the highest and lowest valuations?

1249 Investment Switch transactions occurred for the MySuper Lifestage investment options between the highest and lowest valuations for the period 1 January 2020 until 31 July 2020.

- i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations?

None/Zero

- j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations?

None/Zero

- k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations?

None/Zero

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I. Integrity measures

- The opportunity to switch between funds in order to take advantage or arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund is virtually non-existent.
- The value of investments does not necessarily reflect the ASX depending on the composition of the investment option in which the member is invested. For example, the MySuper LifeStage 1940s option holds a larger proportion of non-ASX assets, such as fixed income or cash.
- The investments offered by OPC are unit priced daily. Most products offered including the MySuper options are forward unit priced, meaning that the price at which transactions are processed is struck after the time at which the member requested the transaction (consequently there is no arbitrage gap). For the few remaining systems that operate on historic unit pricing, switch transactions are deferred by two days to ensure updated values are reflected in unit prices prior to the transaction being processed.
- OnePath has adopted the IOOF Code of Conduct, the Personal Trading in IOOF Holdings Limited Securities Policy, and has a Personal Trading policy in relation to products issued by OnePath to manage transactions by staff.

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OP129QW	<p>On financial advisers providing non-intrafund advice (i.e. comprehensive advice - beyond the scope of intrafund advice) within the fund over the past five financial years:</p> <ol style="list-style-type: none">a. How many do you employ (or are you paying for through outsourced arrangements)?b. What is the revenue generated from these non-intrafund advisers?c. How many financial advisers within the fund also provide intrafund advice?d. If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?e. Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?f. Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?g. What is the total budgeted cost and actuals for financial advisers?h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?<ol style="list-style-type: none">i. What is the aggregated cost of their remuneration?ii. What is the aggregated cost for their employment?iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?iv. What is the aggregated cost for marketing their services?v. What is the aggregated cost for administrative support services?vi. What is the aggregated cost for professional insurance and indemnity?vii. What is the aggregated cost for compliance oversight?viii. What is the aggregated cost for legal oversight?ix. What is the aggregated cost for other regulatory oversight?x. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?
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Answer:

No financial advisers provided non-intrafund advice within the fund over the past five financial years.

Responses to sub-questions (a) to (h) are 'Not applicable'

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OP130QW	<p>On financial advisers providing intrafund advice (i.e. strictly limited to advice on your super fund for the member only - not spouse) within your fund over the last five financial years:</p> <ol style="list-style-type: none">a. How many do you employ (or are you paying for through outsourced arrangements)?b. What is the remuneration level/range for the financial advisers employed to provide intrafund advice to your members?<ol style="list-style-type: none">i. What is the aggregated cost of their remuneration?ii. What is the aggregated cost for their employment?iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?iv. What is the aggregated cost for marketing their services?v. What is the aggregated cost for administrative support services?vi. What is the aggregated cost for professional insurance and indemnity?vii. What is the aggregated cost for compliance oversight?viii. What is the aggregated cost for legal oversight?ix. What is the aggregated cost for other regulatory oversight?x. What is the aggregated cost for the unit, including overheads, that provides intrafund advice?c. What is the revenue that intrafund advisers have generated?d. How many financial advisers providing intrafund advice also provide it within the fund?e. If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?f. Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?g. What is the total budgeted cost and actuals for the intrafund advice unit?h. What is the revenue generated from these financial advisers?i. Within your fund, is there any cross-subsidisation for intrafund advice services?
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Answer:

For the MySuper product, the fund does not currently provide intra-fund advice. Responses to sub-questions (a) to (i) are 'Not applicable'.

An intra-fund advice service was provided to members by the ANZ Australia Direct Distribution team – Wealth Connect until January 2020. As the Pensions & Investments operations of ANZ Wealth transferred to IOOF subsequently in February 2020, we do not have access to intra-fund advice information prior to that date. For context, the intra-fund advice service was provided to members via telephone support and 22 calls received for the year to October 2019.

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OP131QW	Do you allow members to use their funds to pay for: a. Financial advice? b. Internal financial advisers? c. External financial advisers?
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Answer:

For our MySuper product, members currently have the option of using their funds to pay for personal advice². These fees can take the form of an Ongoing Member Advice Fee or a One-off Member Advice Fee. This is an optional fee agreed between the member and their financial adviser for services provided to them solely in relation to their interest in the Fund. Such payments are subject to limits and require written member confirmation and adviser attestation.

Responses are provided as follows:

- a. Yes
- b. Yes
- c. Yes

OP132QW	Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?
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Answer:

The fund does not have an online facility for advisers to access for the MySuper product.

² The ability to pay advice fees from MySuper is subject to imminent legislative change which will cease that ability.