

Reporting Form SRF 210.1

Selected Disclosure of Investments

Instruction Guide

Completion of *SRF 210.1 Selected Disclosure of Investments*

This form must be completed on an annual basis by all trustees of APRA-regulated superannuation entities excluding Small APRA Funds (SAFs) and Single Member Approved Deposit Funds (SMADFs).

Trustees of superannuation entities that invest only in PSTs are not required to complete *SRF 210.1 Selected Disclosure of Investments* or *SRF 210.2 Derivative Financial Instruments*. These forms can be left blank as D2A recognises blanks as zeros; however they are still required to be submitted as part of the annual return. Trustees of superannuation entities, holding Investments in PSTs that have a value of more than 5% of total assets, will be required to report on *SRF 220.0 Exposure Concentrations*.

(Trustees of those superannuation entities with total assets of greater than \$50m that are required to complete *SRF 110.1 Selected Disclosure of Investments* Version A or B on a quarterly basis must also complete this form on an annual basis.)

Note: All forms included in the SRF 200 series should be submitted together as an annual return, not individually as separate forms.

Purpose

This instruction guide is designed to assist in the completion of the *SRF 210.1 Selected Disclosure of Investments*. The information requested in this form is required by APRA.

Lodgement and validation of *SRF 210.1 Selected Disclosure of Investments*

Lodgement and authentication codes

This form must be completed and lodged to APRA by a corporate or natural 'person' (trustee director or administrator), and not by the superannuation entity as the entity is not a 'person'.

Once *SRF 210.1 Selected Disclosure of Investments* has been completed and submitted to APRA, an authentication code is generated in D2A from information entered into the form. The authentication code and date submitted appear in the footer of each page of the return ('return' equates to all 9 forms). Any change of information entered or resubmission of the return will result in a change to the authentication code. The authentication codes and date submitted should be used by auditors to determine that the four forms audited (*SRF 200.0 Statement of Financial Performance*, *SRF 210.0 Statement of Financial Position*, *SRF 220.0 Exposure Concentrations* and *SRF 230.0 Transactions with Related Parties*) have been submitted.

The same authentication code on all the forms lodged will give trustees some 'comfort' that their attestations on *SRF 260.0 Trustee Statement* relate to the other forms submitted as the return. Different authentication codes should be taken by trustees that their attestations are not consistent with other forms and APRA may take the view that the return has therefore not been signed and authorised by the trustee.

A receipt indicating successful lodgement of the return will be provided via email. There may be a slight delay in a receipt being provided if the submission is made in the last week of October. **Do not** resubmit your return however, as the receipt **will** be generated.

Validation and calculation of totals

When data is entered into the form, the total balances (in the greyed out cells) will not be calculated automatically. The total items will only calculate when the form is validated. Clicking on the word 'validate' in the top left hand corner of the screen and selecting 'OK' will result in the total items being calculated and the validation rules appearing for review.

There are three types of validation rules as follows:

1. **Warnings: Confirmation rules** – this rule requires the user to provide confirmation that the data entered into an item is correct, for example that a negative number is correct and should not be positive. To provide confirmation the user should click the confirm box and provide a brief description in support of the item.

Note: Descriptions entered for warnings may not always appear if the return is validated more than once. There is no need to re-enter the description as D2A has saved this description and the comments will be lodged with the return.

2. **Error: Mandatory rules** – this indicates an error in an item, for example a description and a value must be included in a table. These errors must be corrected before the return can be lodged.
3. **Cross form validations** – this also indicates an error and must be corrected before the return can be lodged, for example Totals disclosed in *SRF 210.1 Selected Disclosure of Investments* must agree with the investments reported in item 3 ‘Investments’ on *SRF 210.0 Statement of Financial Position*.

General guidance for completion of *SRF 210.1 Selected Disclosure of Investments*

This form requests information to be disclosed in the following parts:

Part A: Deposits, placements, loans and debt securities

Part B: Investments in equity securities of unlisted corporations and units in unlisted private trusts

Part C: Interest in unlisted retail/public offer trusts

Part D: Interest in ventures

Part E: Property holdings

SRF 210.1 Selected Disclosure of Investments is an annexure providing further detail on the composition of the aggregated net market value reported for certain investment balances reported under item 3 in *SRF 210.0 Statement of Financial Position*. In particular, the following **must** agree:

- Part A - Total net market value of item 3 (sum of both columns) of Part A **should agree** with the Total net market value column reported for item 3.1. 'Deposits, placements, loans and debt securities' (sum of items 3.1.1 and 3.1.2) in *SRF 210.0 Statement of Financial Position*.
- Part B - Total net market value of item 6 of Part B (sum of column 6 in Part B (i) and column 6 in Part B (ii)) PLUS Total net market value of item 5 of PART D 'Interest in Ventures' (sum of column 5 in Part D (i) and column 5 in Part D (ii))
should agree with
Total net market value column reported in item 3.3. 'Equity securities of unlisted corporations, units in unlisted private trusts and interests in ventures' in *SRF 210.0 Statement of Financial Position*.
- Part C - Total net market value of item 5 (sum of both columns) of Part C **should agree** with Total net market value column reported in item 3.6.4 'Investments in unlisted retail/public offer unit trusts' in *SRF 210.0 Statement of Financial Position*.
- Part E - Total net market value of item 2 (sum of both columns) of Part E should agree with Total net market value column reported in item 3.5. 'Property Holdings' in *SRF 210.0 Statement of Financial Position*.

Important!

Not all investments, as disclosed on *SRF 210.0 Statement of Financial Position* item 3, are required to be reported on *SRF 210.1 Selected Disclosure of Investments*. However, in accordance with the above requirements, the net market value of

investments reported in Parts A to E of *SRF 210.1 Selected Disclosure of Investments* should agree to the relevant items in *SRF 210.0 Statement of Financial Position*.

Important!

Report all disclosures rounded to the nearest thousand dollars. Do not use decimal numbers i.e. when dividing the value to obtain a rounded balance to the nearest thousand dollars, ensure that the figure is whole.

Important!

There is no materiality limit applied to the disclosure of amounts within *SRF 210.1 Selected Disclosure of Investments*. All balances must be recorded. Amounts cannot be omitted based on materiality levels. Each superannuation entity should use its own judgement in grouping items into meaningful categories (where applicable).

Important!

Zeros are not required where there is no dollar value for an item. If there is no balance for an item, leave it blank. The form can be left blank as D2A recognises blanks as zeros.

Classification of investments – internal and external holdings

For the purpose of this form and for annual reporting requirements, include direct holdings of underlying investments acquired as part of the internal investment management function of the superannuation entity, and the underlying investments and other assets that form part of an external individually managed mandate or portfolio, as follows:

Internally managed

Refers to the arrangement where the investment management function is performed internally rather than being outsourced by the trustee.

External individually managed mandates (or discretely managed portfolios)

Refers to the arrangement where investments of the superannuation entity are managed by an external professional investment manager, appointed by the trustee of the superannuation entity, in the form of an individually or discretely managed portfolio tailored for the superannuation entity.

These categories do not include investments held directly with external investment managers, where these are not individually managed on behalf of the superannuation entity. These investments are disclosed in the appropriate other categories under item 3.6 on *SRF 210.0 Statement of Financial Position*.

Classification of rating grade of counterparty

The counterparty grades set out in the table below are to be used in classifying the rating grades for the purposes of Part A and Part C of this form. This table discloses

the corresponding counterparty ratings of a number of rating agencies and the general classification APRA will apply to these ratings. The superannuation entity should request these rating grades directly from the counterparty (i.e. the other party with whom the transaction is being made) or investment manager, and should not rely on consumer rating agencies which rate collective investments.

APRA Classification	Standard & Poor's	Moody's	AM Best	Fitch
1	AAA	Aaa	A++	AAA
2	AA+ AA AA-	Aa1 Aa2 Aa3	A+	AA+ AA AA-
3	A+ A A-	A1 A2 A3	A A-	A+ A A-
4	BBB+ BBB BBB-	Baa1 Baa2 Baa3	B++	BBB+ BBB BBB-
5	BB+ or below	Ba1 or below	B+ or below	BB+ or below
6	Unrated	Unrated	Unrated	Unrated

Where the superannuation entity has investments with multiple rating from two or more of the rating agencies in the table above, the superannuation entity should consistently apply the rating of a single agency wherever possible. For example, a superannuation entity may have a number of counterparties that are rated by S&P and Fitch. In this case the superannuation entity should use a single agency that will be consistently applied whenever the individual ratings conflict.

The ratings in the above table from the respective rating agencies are generally consistent with long term rating/debt securities. Where superannuation entities invest in counterparties/securities that have only been issued with a short term counterparty rating, the closest match from the above table should be used to classify the investments into the appropriate APRA grades.

Unknown rating grade

If a rating grade is unknown or not available use rating grade 6. Where investment managers cannot confirm their ratings a rating grade 6 should also be used.

International Financial Reporting Standards (IFRS) for pooled superannuation trusts

PSTs that are also reporting entities are now required under Australian accounting standards to prepare financial statements in accordance with IFRS. (Other types of superannuation entities continue to prepare financial statements under AAS25, which has not been changed for IFRS).

In order to minimize dual reporting, APRA has elected to adopt IFRS for PSTs, subject to one exception. This exception is 'unitholder funds', which may become liabilities under IFRS. 'Unitholder funds' should be reported to APRA

on a pre-IFRS (i.e. AGAAP) basis, in essence retaining their character as an equity item rather than a liability item.

Instruction guide for specific items

Part A: Deposits, placements, loans and debt securities

Scope

Include

- Includes interest-rate related cash and investments of the superannuation entity; and
- Include loans and advances in section 1.

Exclude

- Holding of units in unit trusts such as a cash management trust. While being an interest-rate related investment of the superannuation entity, these are to be excluded from this part and reported in item 3 of Part C.

If the superannuation entity holds listed notes/hybrid securities which have characteristics of a debt security & an equity security, these securities should be classified in the same manner as they appear in the entity's audited financial statements.

Classification of investments – internal and external holdings

Report in this form investments made under internal investment management of the superannuation entity; investments held through external individually managed mandates; or a combination of both.

Part A: Explanation of line items by type

1. Total deposits, placements and loans and advances

Report the total outstanding value of cash and 'deposits, placements, loans and advances' made by the superannuation entity as at the end of the financial year of the superannuation entity.

Total deposits, placements and loans and advances which are with the following:

1.1. Unlisted corporations

Report deposits, placements and loans and advances to unlisted corporations.

1.2. Private unlisted trusts

Report deposits, placements and loans and advances to private unlisted trusts.

1.3. Individuals

Report deposits, placements, loans and advances that are to individuals.

Important!

Holdings of deposits, placements, loans and advances that are not with any of the parties identified in items 1.1 to 1.3 should be included in the total at item 1; however they should not be included at items 1.1 to 1.3. This means that the sum of items 1.1 to 1.3 may not equal the total at item 1.

2. Total debt securities

Report the total net market value of the superannuation entity's holdings of debt securities as at the end of the financial year.

Total debt securities which are:

2.1. Securitised instruments

This will include securities issued by financial vehicles that issue securities (called asset-backed securities) using specifically selected assets (eg. mortgages, receivables). They provide backing (collateral) for the securities and generate the payment streams necessary to fulfil interest and principal requirements for investors. Include holdings of the following:

- Mortgage backed securities (this does not include mortgage loans to individuals which are to be reported in item 1.3); and
- Other asset backed securities (other than mortgage backed).

2.2. Debt securities issues by unlisted corporations

This includes all debt securities where the issuer of the security is a private unlisted corporation.

Important!

Holdings of debt securities that are not with any of the parties identified in items 2.1 or 2.2 should be included in the total at item 2; however they should **not** be included at items 2.1 or 2.2. This means that the sum of items 2.1 and 2.2 may not equal the total at item 2.

3. Total net market value of deposits, placements, loans and securities

Represents the total of values recorded for item 1. and item 2. This will agree to *SRF 210.0 Statement of Financial Position* (Total net market value column) of item 3.1 'Deposits, placements, loans and debt securities'.

Important!

The sum of *SRF 210.1 Selected Disclosure of Investments* Part A item 3 'Total net market value of deposits, placements, loans and securities' column 'Total Net Market Value – Internally managed' PLUS *SRF 210.1 Selected Disclosure of Investments* Part A item 3 column 'Total Net Market Value – Externally managed mandates'

should equal

SRF 210.0 Statement of Financial Position item 3.1.1 ‘Deposits’ column ‘Total Net Market Value’ PLUS *SRF 210.0 Statement of Financial Position* item 3.1.2 ‘’ column ‘Total Net Market Value’

Part A: Explanation of line items – rating grades

Total net market value of portfolio classified into the following counterparty rating grades:

Rating Grade 1

Of the value reported at item 3 in the ‘Total net market value’ column, report in this column for all applicable line items, the aggregate value of exposures that have an APRA rating grade of 1. Refer to table above for classification of APRA rating grades and how these align with rating agencies’ ratings.

Rating Grade 2

Of the value reported at item 3 in the ‘Total net market value’ column, report in this column for all applicable line items, the aggregate value of exposures that have an APRA rating grade of 2. Refer to table above for classification of APRA rating grades and how these align with rating agencies’ ratings.

Rating Grade 3

Of the value reported at item 3 in the ‘Total net market value’ column, report in this column for all applicable line items, the aggregate value of exposures that have an APRA rating grade of 3. Refer to table above for classification of APRA rating grades and how these align with rating agencies’ ratings.

Rating Grade 4

Of the value reported at item 3 in the ‘Total net market value’ column, report in this column for all applicable line items, the aggregate value of exposures that have an APRA rating grade of 4. Refer to table above for classification of APRA rating grades and how these align with rating agencies’ ratings.

Rating Grade 5

Of the value reported at item 3 in the ‘Net market value’ column, report in this column for all applicable line items, the aggregate value of exposures that have an APRA rating grade of 5. Refer to table above for classification of APRA rating grades and how these align with rating agencies’ ratings.

Rating Grade 6

Of the value reported at item 3 in the ‘Total net market value’ column, report in this column for all applicable line items, the aggregate value of exposures that are unrated.

Part B: Investments in equity securities of unlisted corporations and units in unlisted private trusts

Assets that are NOT to be reported in this part:

1. Do **not** include investments in equity securities of listed corporations and units in listed trusts. These are to be reported in item 3.2. 'Equity securities of listed corporations and units in listed unit trusts' in *SRF 210.0 Statement of Financial Position*.
2. Do **not** include investments in Pooled Super Trusts. These are to be reported in item 3.6.1 'Pooled Super Trusts' in *SRF 210.0 Statement of Financial Position*.
3. Do **not** include investments in Wholesale trusts. These are to be reported in item 3.6.2 'Wholesale trusts' in *SRF 210.0 Statement of Financial Position*.

Classification of Investments – internal and external holdings

Report in this form investments made under:

- (i) internal investment management of the superannuation entity;
- (ii) investments held through external individually managed mandates;

or a combination of both.

Part B: Explanation of column headings

(1) Name of unlisted private trust and/or unlisted corporation

Report the full name of the entity.

(2) Australian Business Number (ABN)

Report the Australian Business Number of the entity, or if no ABN, leave blank.

Completion of the ABN fields is not mandatory to lodge returns. If the ABN is not recorded in the superannuation entities' system, or is not known, leave the ABN blank. A **Warning** confirmation validation rule in D2A will request confirmation that the investment entity has not applied for an ABN. Tick the box as confirmation and enter the comment that ABN is not known.

(3) Description/nature of main business

In the space provided, detail a brief description of the main business conducted by the entity.

(4) Ownership percentage/interest %

Disclose the percentage (to the nearest whole number) of the reporting superannuation entity's ownership of equity securities or units issued by the entity i.e. number of securities/units owned by the superannuation entity divided by total securities/units on issue, multiplied by 100.

(5) Initial cost of investment

Disclose the initial cost of the investment in the entity. Where this involves multiple acquisitions, sum the cost of each acquisition.

(6) Net market value of investment

Disclose the net market value of the investment in the entity. Net market value is to be interpreted as defined in accordance with the **current** Australian Accounting Standards.

Important!

Total net market value of item 6 of Part B (sum of column 6 in Part B (i) and column 6 in Part B (ii)) PLUS Total net market value of item 5 of Part D 'Interest in Ventures' (sum of column 5 in Part D (i) and column 5 in Part D (ii))

should agree with

Total net market value column reported in item 3.3. 'Equity securities of unlisted corporations, units in unlisted private trusts and interests in ventures' in *SRF 210.0 Statement of Financial Position*.

(7) Value of total assets of the corporation/trust

Report the value of the total assets of the investment entity where known.

APRA's expectations are that where the superannuation entity's interest in the investment entity is considered significant (i.e. the investment holding demonstrates the capacity of the superannuation entity to exert significant influence over the investment entity under **current** Australian Accounting Standards, the superannuation entity should have knowledge of this value.

(8) Value of total liabilities of the corporation/trust

Report the value of the total liabilities of the investment entity where known.

APRA's expectations are that where the superannuation entity's interest in the investment entity is considered significant (i.e. the investment holding demonstrates the capacity of the superannuation entity to exert significant influence over the investment entity under **current** Australian Accounting Standards), the superannuation entity should have knowledge of this value.

(9) Distributions recognised as income

Report the value of distributions from the investment entity that has been recognised as income by the reporting superannuation entity. This does not include (realised and unrealised) revaluation gains or losses associated with the net market valuation of the investment in the entity.

Part C: Interest in unlisted retail/public offer trusts

Scope

Include

The net market value at the end of the reporting period, of investments in unlisted retail/public offer trusts are requested to be classified into the following headings:

- 1. Unlisted property trusts**
- 2. Unlisted equities trusts**
- 3. Unlisted cash management trusts**
- 4. Other unlisted unit trusts**
- 5. Total net market value of interest in unlisted retail/public offer trusts**

Important!

Total net market value of Part C, item 5, column 'Externally Managed Mandates' should agree with Total net market value column reported in item 3.6.4 'Investments in unlisted retail/public offer unit trusts' in *SRF 210.0 Statement of Financial Position*.

Exclude

Wholesale trusts and Pooled Superannuation Trusts (these are disclosed separately in item 3.6 in *SRF 210.0 Statement of Financial Position*).

Classification of investments – internal and external holdings

Report in this form investments made under:

- (i) internal investment management of the superannuation entity;
 - (ii) investments held through external individually managed mandates;
- or a combination of both.

Counterparty rating grades

Classify the total net market value of unlisted cash management trusts at the end of the reporting period, reported at Part C, item 3 (the sum of both columns), into the

appropriate APRA counterparty rating grades. The counterparty rating grades are the same as that outlined in at the start of this instruction guide.

If a rating grade is unknown or not available use rating grade 6. Where investment managers cannot confirm their ratings a rating grade 6 should also be used.

Part D: Interest in ventures

For the purposes of this form joint venture operation is to be interpreted as defined in **current** Australian Accounting Standards:

“Joint venture means a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control”. A joint venture can take the form of the following:

- Joint venture entity; or
- Joint venture operation.

Joint venture entity means a joint venture that is in the form of an entity and does not include:

- (a) an entity that is acquired and held exclusively with a view to its disposal in the near future; and
- (b) an entity that operates under severe long-term restrictions which impair significantly its ability to make distributions to the venturer.

Joint venture operation means a joint venture that is not a joint venture entity and does not include an entity that:

- (a) is acquired and held exclusively with a view to its disposal in the near future; and
- (b) operates under severe long-term restrictions that impair significantly its ability to make distributions to the venturer.

Classification of investments – internal and external holdings

Report in this form investments made under:

- (i) internal investment management of the superannuation entity; and
- (ii) investments held through external individually managed mandates;

or a combination of both.

Part D: Explanation of column headings

(1) Name of venture

Report the full name of the venture.

(2) Description/nature of main business of venture

Detail a brief description of the main business conducted by the venture.

(3) Ownership percentage or interest in venture %

Disclose the percentage of the reporting superannuation entity's interest in the venture.

(4) Initial cost of ventures

Disclose the initial cost of the investment of the reporting superannuation entity in the venture.

(5) Net market value of investment/interest in venture

Disclose the net market value of the investment/interest of the reporting superannuation entity in the venture. Market value is to be interpreted as defined in accordance with the **current** Australian Accounting Standards.

Total net market value of item 6 of Part B (sum of column 6 in Part B (i) and column 6 in Part B (ii)) PLUS Total net market value of item 5 of Part D 'Interest in Ventures' (sum of column 5 in Part D (i) and column 5 in Part D (ii))

should agree with

Total net market value column reported in item 3.3. 'Equity securities of unlisted corporations, units in unlisted private trusts and interests in ventures' in *SRF 210.0 Statement of Financial Position*.

(6) Value of total assets of the venture

Report the value of the total assets of the venture, where known. APRA's expectations are that the superannuation entity should know this information where the interest is considered 'significant' under **current** Australian Accounting Standards.

(7) Value of total liabilities of the venture

Report the value of the total liabilities of the venture where known. APRA's expectations are that the superannuation entity should know this information where the interest is considered 'significant' under **current** Australian Accounting Standards.

(8) Distributions recognised as income from investment in venture

Report the value of distributions from the venture that has been recognised as income by the reporting superannuation entity. This does not include (realised and unrealised)

revaluation gains or losses associated with the net market valuation of the investment in the venture.

Part E: Property holdings

Scope

For prudential reporting purposes a property investment exists where the investment (earnings and capital value) are dependent on the cash flows generated by the property through sale or rental income.

Exclude

- Direct investments in property trusts (both listed and unlisted). Where appropriate these should be included in Part B or item 1 of Part C, on this form.

Classification of investments – internal and external holdings

Report in this form investments made under:

- (i) internal investment management of the superannuation entity; or
- (ii) investments held through external individually managed mandates;

or a combination of both.

Part E: Explanation of line items

1. Direct holdings of freehold/leasehold property

Property classifications

The superannuation entity's total property investment value is to be classified into the categories listed below. Where the one property exposure is able to be classified into a number of these classifications, it is recommended that the total property value be allocated to the single most appropriate classification having regard to the basis of valuing the property.

1.1. Residential

1.2. Commercial

Includes property such as office, retail (includes retail shops, restaurants, shopping centres), tourism and leisure (including hotels, motels and lodgings, recreational and sporting facilities, hotel developments, time-share developments and other hospitality industries).

1.3. Infrastructure

1.4. Other (provide details in Table 1 below)

Provide details, including a description and amount, for each 'other' class of property investment held by the superannuation entity at the end of the financial year.

2. Total net market value of property investments

Represents the sum of items reported in items 1.1 to 1.4.

Important!

Total net market value of item 2 (sum of both columns) of Part E **should agree** with Total net market value column reported in item 3.5. 'Property Holdings' in *SRF 210.0 Statement of Financial Position*.

Important!

If item 2 is less than item 3 (below) then this indicates an error in the form as selected investments, comprising part of the total, such as item 3, cannot exceed the total reported at item 2.

3. Total property investments which is under development, or the value recognised is contingent on development being approved or completed.

Of the total property investments reported at item 2, report the aggregate value of the portion that represents property 'under development', or where the value recognised is contingent on development being approved or completed.

Important!

Item 3 should **not** be greater than item 2.