



Reporting Standard SRS 705.1

Investment Performance and Objectives

Objective of this reporting standard

This Reporting Standard sets out requirements for the provision of information to APRA relating to the investment objectives and performance of the investment options of a registrable superannuation entity (RSE), defined benefit RSE and eligible rollover fund.

It includes *Reporting Form SRF 705.1 Investment Performance and Objectives* and associated specific instructions.

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. Information collected in *Reporting Form SRF 705.1 Investment Performance and Objectives* (SRF 705.1) is used by APRA for the purposes of prudential supervision and publication.

Application

3. This Reporting Standard applies to each registrable superannuation entity (RSE) licensee (RSE licensee) in respect of each RSE, defined benefit RSE and eligible rollover fund (ERF) within its business operations¹.

¹ For the purposes of this Reporting Standard, an RSE licensee's 'business operations' includes all activities it conducts as an RSE licensee (including the activities of each RSE of which it is the licensee), and all other activities of the RSE licensee to the extent that they are relevant to, or may impact on, its activities as an RSE licensee. For the avoidance of doubt, if the RSE licensee is trustee of more than one RSE, defined benefit RSE or ERF, the RSE licensee must separately provide the information required by SRF 705.1 for each RSE,

Commencement

4. This Reporting Standard commences on 1 July 2020.

Information required

5. An RSE licensee must provide APRA with the information required by SRF 705.1 in respect of each reporting period.
6. This Reporting Standard applies to reporting periods ending on or after 30 September 2010.

Form and method of submission

7. The information required by SRF 705.1 must be given to APRA in an electronic method (i.e. a web-based solution) available on APRA's website, or by a method notified by APRA in writing prior to submission.

Reporting periods and due dates

8. Subject to paragraph 9 of this Reporting Standard, an RSE licensee to which this Reporting Standard applies must provide the information required by this Reporting Standard in respect of each calendar quarter (i.e. the periods ending 30 September, 31 December, 31 March and 30 June each year).
9. If, having regard to the particular circumstances of an RSE, defined benefit RSE or ERF, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by paragraph 8, APRA may, by notice in writing, change the reporting periods for the particular RSE, defined benefit RSE or ERF.
10. The information required by this Reporting Standard must be provided to APRA:
 - (a) in the case of quarterly information:
 - (i) for reporting periods ending on or after 30 September 2020, within 28 calendar days after the end of the quarter to which the information relates; or
 - (ii) for reporting periods ending on or after 30 September 2010 and before 30 September 2020, at the same time as reporting for the period ending 30 September 2020; and
 - (b) in the case of information provided in accordance with paragraph 9, within the time specified by notice in writing.
11. APRA may grant, in writing, an RSE licensee an extension of a due date with respect to one or more RSEs, defined benefit RSEs or ERFs within its business operations, in which case the new due date for the provision of the information will be the date on

defined benefit RSE or ERF within its business operations. An RSE licensee that does not have any RSEs, defined benefit RSEs or ERFs within its business operations is not required to provide information under this Reporting Standard.

the notice of extension.

Note: For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, an RSE licensee is nonetheless required to submit the information required no later than the due date.

Quality control

12. The information provided by an RSE licensee under this Reporting Standard must be the product of systems, procedures and internal controls that have been reviewed and tested by the RSE auditor of the RSE, defined benefit RSE or ERF which offered the investment option to which the information relates². This will require the RSE auditor to review and test the RSE licensee's systems, procedures and internal controls designed to enable the RSE licensee to report reliable information to APRA. This review and testing must be done on:
 - (a) an annual basis or more frequently if necessary to enable the RSE auditor to form an opinion on the reliability and accuracy of information; and
 - (b) at least a limited assurance engagement consistent with professional standards issued by the Auditing and Assurance Standards Board as may be amended from time to time, to the extent that they are not inconsistent with the requirements of *Prudential Standard SPS 310 Audit and Related Matters* (SPS 310).
13. All information provided by an RSE licensee under this Reporting Standard must be subject to systems, processes and controls developed by the RSE licensee for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the RSE licensee to ensure that an appropriate set of policies and procedures for the authorisation of information submitted to APRA is in place.

Authorisation

14. When an officer or agent of an RSE licensee provides the information required by this Reporting Standard using an electronic format, it will be necessary for the officer or agent to digitally sign the relevant information using a digital certificate acceptable to APRA.
15. If the information required by this Reporting Standard is provided by an agent who submits the information on the RSE licensee's behalf, the RSE licensee must:
 - (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
 - (b) retain the completed copy.
16. An officer or agent of an RSE licensee who submits the information under this Reporting Standard for, or on behalf of, the RSE licensee must be authorised by either:

² Refer also to *Prudential Standard SPS 310 Audit and Related Matters* (SPS 310).

- (a) the Chief Executive Officer of the RSE licensee; or
- (b) the Chief Financial Officer of the RSE licensee.

Minor alterations to forms and instructions

17. APRA may make minor variations to:
- (a) a form that is part of this Reporting Standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or
 - (b) the instructions to a form, to clarify the application to the form,
- without changing any substantive requirement in the form or instructions.
18. If APRA makes such a variation, it must notify each RSE licensee that is required to report under this Reporting Standard.

Interpretation

19. In this Reporting Standard:

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

Chief Executive Officer means the chief executive officer of the RSE licensee, by whatever name called, and whether or not he or she is a member of the Board of the RSE licensee³.

Chief Financial Officer means the chief financial officer of the RSE licensee, by whatever name called.

defined benefit RSE means an RSE that is a defined benefit fund within the meaning given in *Prudential Standard SPS 160 Defined Benefit Matters*.

due date means the relevant due date under paragraph 10 or, if applicable, paragraph 11 of this Reporting Standard.

eligible rollover fund (ERF) has the meaning given in subsection 10(1) of the SIS Act.

investment option has the meaning given in *Reporting Form SRF 605.0 RSE Structure* (SRF 605.0).

reporting period means a period mentioned in paragraph 8 or, if applicable, paragraph 9 of this Reporting Standard.

³ Refer to *Prudential Standard SPS 510 Governance*.

RSE means a registrable superannuation entity as defined in subsection 10(1) of the SIS Act that is not a defined benefit RSE, pooled superannuation trust, ERF, small APRA fund or single member approved deposit fund⁴.

RSE auditor means an auditor appointed by the RSE licensee to perform functions under this Reporting Standard.

RSE licensee has the meaning given in subsection 10(1) of the SIS Act.

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

20. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard or Auditing Standard is a reference to the instrument as in force or existing from time to time.
21. Where this Reporting Standard provides for APRA to exercise a power or discretion, this power or discretion is to be exercised in writing.

⁴ For the purposes of this Reporting Standard, ‘pooled superannuation trust’ has the meaning given in subsection 10(1) of the SIS Act, ‘small APRA fund’ means a superannuation entity that is a regulated superannuation fund, within the meaning of the SIS Act, which has fewer than five members and ‘single member approved deposit fund’ means a superannuation entity that is an approved deposit fund, within the meaning of the SIS Act, which has only one member.

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1. Return objectives

Superannuation product number (1)	Investment menu number (2)	Investment option number (3)	Start date (4)	Return measurement (5)	Benchmark (6)	Return margin (% p.a.) (7)	Investment horizon (years) (8)
				Gross investment return			
				Gross investment return net of fees			
				Net investment return			
				Net return			

2. Comparison of return

Superannuation product number (1)	Investment menu number (2)	Investment option number (3)	Period ending (4)	Comparison return type (5)	Option return type (6)	Objective return description (7)	Comparison return (%) (8)	Option return (%) (9)	Objective return (%) (10)	Volatility of comparison return (5 years) (11)	Volatility of comparison return (10 years) (12)
				Gross investment return net of fees	Gross investment return						
				Net investment return	Gross investment return net of fees						
					Net investment return						
					Net return						

Reporting Form SRF 705.1

Investment Performance and Objectives

Instruction Guide

This instruction guide is designed to assist in the completion of *Reporting Form SRF 705.1 Investment Performance and Objectives* (SRF 705.1).

General directions and notes

Reporting level

SRF 705.1 must be completed for each registrable superannuation entity (RSE), defined benefit RSE and eligible rollover fund (ERF).

Reporting basis and unit of measurement

Amounts in SRF 705.1 are to be reported as percentages or whole numbers. Percentages should be reported as decimal numbers to 4 decimal places. For example, 10 per cent is to be reported as 10.00% or 0.1000.

Items on SRF 705.1 must be reported as at the end of the *reporting period* or with respect to transactions that occurred during the *reporting period* as specified.

Specific instructions

Attribution of data to superannuation product, investment menu or investment option

SRF 705.1 must be completed in respect of each *investment option* offered by the RSE excluding the following:

- *investment options* which have been aggregated as permitted in Item 3 of *Reporting Form SRF 605.0 RSE Structure* (SRF 605.0);
- *investment options* which solely underlie defined benefits; and
- *investment options* which are reported on SRF 605.0 under investment option category Annuity.

Where the data is applicable to all members in the *investment option*, the RSE licensee must report data for that *investment option* and select “ALL” for the remaining RSE structure levels.

Where the data varies depending on the *superannuation product and/or investment menu*, the *RSE licensee* must report data for each relevant combination of *superannuation product, investment menu and investment option*.

Therefore, the RSE does not need to report every combination of *superannuation product, investment menu and investment option* that they have, only those combinations that lead to distinct *return objectives*, returns or volatilities being reported.

Definitions

Terms highlighted in *bold italics* indicate that the definition is provided in these instructions.

<i>Benchmark</i>	A quantifiable benchmark return or absolute percentage return upon which the <i>return objective</i> of the <i>investment option</i> is based.
<i>Investment horizon (years)</i>	Means the defined investment horizon for the <i>return objective</i> . The <i>investment horizon (years)</i> is calculated by length of time over which the return of the <i>investment option</i> , as measured by the <i>return measurement</i> , is expected to exceed the <i>objective return</i> .
<i>Comparison return type</i>	A <i>comparison return type</i> is required in order to allow comparison of returns between <i>investment options</i> . In most cases, this will be the <i>net investment return</i> of the <i>investment option</i> . Where the tax for the <i>investment option</i> is determined on a member by member basis rather than as an aggregate for the <i>investment option</i> , the <i>gross investment return net of fees</i> should be used instead. Possible values are: <ul style="list-style-type: none"> • <i>gross investment return net of fees</i>; and • <i>net investment return</i>.
<i>Comparison return (%)</i>	The return of the <i>investment option</i> , as measured by the <i>comparison return type</i> .
<i>Gross investment return (return measurement/option return type)</i>	Means the time-weighted rate of return, adjusted for cash flows as they occur. Indirect costs, other fees and costs, fees deducted from member account and tax, as defined in <i>Reporting Standard SRS 705.0 Components of Net Return</i> (SRS 705.0), should not be netted off this return.
<i>Gross investment return net of fees (return measurement/option return type/comparison return type)</i>	Has the meaning in SRS 705.0.

<i>Investment menu</i>	Has the meaning in <i>Reporting Standard SRS 605.0 RSE Structure</i> (SRS 605.0).
<i>Investment menu number</i>	Has the meaning in SRS 605.0. The <i>investment menu number</i> must correspond to an <i>investment menu number</i> reported in SRF 605.0.
<i>Investment option</i>	Has the meaning in SRS 605.0.
<i>Investment option number</i>	Has the meaning in SRS 605.0. The <i>investment option number</i> must correspond to an <i>investment option number</i> reported in SRF 605.0.
<i>Net investment return (return measurement)/(option return type)/(comparison return type)</i>	For reporting periods ending on or after 30 September 2020, has the meaning in SRS 705.0. For reporting periods ending before 30 September 2020, has the meaning in <i>Reporting Standard SRS 702.0 Investment Performance</i> (SRS 702.0).
<i>Net return (return measurement)/(option return type)</i>	Has the meaning in SRS 702.0.
<i>Objective return (%)</i>	Means the investment objective return for the <i>investment option</i> , as measured by the return of the <i>benchmark</i> , plus the <i>return margin</i> .
<i>Objective return description</i>	A description of the <i>benchmark</i> and <i>return margin</i> used for the purpose of determining the <i>objective return</i> .
<i>Option return type</i>	Means the type of return used for measuring the <i>option return</i> , for the purpose of comparison with the <i>objective return</i> . Possible values are: <ul style="list-style-type: none"> • <i>gross investment return</i>; • <i>gross investment return net of fees</i>; • <i>net investment return</i>; and • <i>net return</i>.
<i>Option return (%)</i>	The return of the <i>investment option</i> , as measured by the <i>option return type</i> .
<i>Period ending</i>	The end of the period to which the reported returns apply. This will be the last day of the <i>reporting period</i> unless otherwise indicated.
<i>Return objective</i>	Has the meaning in paragraphs 17-19 in <i>Prudential Practice Guide SPG 530 – Investment Governance</i> (SPG530).
<i>Return margin (% p.a.)</i>	The annual margin by which the <i>return objective</i> aims to exceed the value of the <i>benchmark</i> .

<i>Return measurement</i>	The type of return of the <i>investment option</i> that is compared to the <i>benchmark</i> return plus <i>return margin</i> for the purpose of assessing whether the <i>investment option</i> has achieved its <i>return objective</i> . Possible values are: <ul style="list-style-type: none"> • <i>gross investment return</i>; • <i>gross investment return net of fees</i>; • <i>net investment return</i>; and • <i>net return</i>.
<i>Start date</i>	Means the date the <i>return objective</i> was approved by the RSE licensee.
<i>Superannuation product</i>	Has the meaning in SRS 605.0.
<i>Superannuation product number</i>	Has the meaning in SRS 605.0. The <i>superannuation product number</i> must correspond to a <i>superannuation product number</i> reported in SRF 605.0.
<i>Volatility of comparison return (5 years)</i>	Means the standard deviation of weekly returns of the <i>investment option</i> measured by the <i>comparison return type</i> over 5 years.
<i>Volatility of comparison return (10 years)</i>	Means the standard deviation of weekly returns of the <i>investment option</i> measured by the <i>comparison return type</i> over 10 years.

Table 1: Investment objectives

Column 1	Report the <i>superannuation product number</i> .
Column 2	Report the <i>investment menu number</i> .
Column 3	Report the <i>investment option number</i> .
Column 4	Report the <i>start date</i> .
Column 5	Report the <i>return measurement</i> (see item 1 for further details).
Column 6	Report the <i>benchmark</i> .
Column 7	Report the <i>return margin</i> as a percentage per annum.
Column 8	Report the <i>investment horizon</i> in years.

Item 1	<p>Report the <i>return measurement, benchmark, return margin</i> and <i>investment horizon</i> for each unique combination of:</p> <ul style="list-style-type: none"> • <i>superannuation product number</i>; • <i>investment menu number</i>; • <i>investment option number</i>; and • <i>start date</i>. <p>The <i>return measurement</i> options are:</p> <ul style="list-style-type: none"> • <i>gross investment return</i>; • <i>gross investment return net of fees</i>; • <i>net investment return</i>; and • <i>net return</i>. <p>Item 1 must be reported as at the end of the <i>reporting period</i>.</p>
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Table 2: Comparison of return to benchmark

Column 1	Report the <i>superannuation product number</i> .
Column 2	Report the <i>investment menu number</i> .
Column 3	Report the <i>investment option number</i> .
Column 4	Report the <i>period ending</i> .
Column 5	Report the <i>comparison return type</i> (see item 2 for further details).
Column 6	Report the <i>option return type</i> (see item 2 for further details).
Column 7	Report the <i>objective return description</i> .
Column 8	Report the <i>comparison return</i> as a percentage.
Column 9	Report the <i>option return</i> as a percentage.
Column 10	Report the <i>objective return</i> as a percentage.
Column 11	Report the <i>volatility of comparison return (5 years)</i> .
Column 12	Report the <i>volatility of comparison return (10 years)</i> .
Item 2	Report the <i>comparison return type, option return type, objective return description, comparison return</i> as a percentage, <i>option return</i> as a

	<p>percentage, <i>objective return</i> as a percentage, <i>volatility of comparison return (5 years)</i> and <i>volatility of comparison return (10 years)</i> for each unique combination of:</p> <ul style="list-style-type: none">• <i>superannuation product number</i>;• <i>investment menu number</i>;• <i>investment option number</i>; and• <i>period ending</i>. <p>The <i>comparison return type</i> options are:</p> <ul style="list-style-type: none">• <i>gross investment return net of fees</i>; and• <i>net investment return</i>. <p>The <i>option return type</i> options are:</p> <ul style="list-style-type: none">• <i>gross investment return</i>;• <i>gross investment return net of fees</i>;• <i>net investment return</i>; and• <i>net return</i>. <p>Item 2 must be reported with respect to transactions that occurred during the <i>reporting period</i>.</p> <p>Returns reported should be the effective rate earned for the <i>reporting period</i> and should not be converted to an annual or other rate.</p>
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