

# LGIAsuper sells its investment in Bravura Solutions

In 2017, LGIAsuper invested in Bravura Solutions, the software provider of LGIAsuper's superannuation administration platform.

This investment was made with funds from LGIAsuper's Alternative Portfolio. The returns on this investment were reflected in the relevant daily unit prices. However, as a strategic investment, it should have been acquired from the General Reserve of the Fund, rather than as an investment of the Fund

In 2018, LGIAsuper sold this investment and made a profit of \$18.2m. These funds were transferred to the General Reserve to align with the strategic nature of the investment and the future benefits of the software for the Fund.

LGIAsuper will continue to use the administration platform. The software has been transferred to the external administrator, who will maintain, enhance and provide the service back to the Fund as part of a 10-year contract.

The short-term impact of this decision was an adjustment in members' investment earnings in 2018/19, ranging from -0.02% to -0.22%. However, members will benefit in the long-term from fees not being impacted.

LGIAsuper is committed to looking after the interests of approximately 78,000 members. We take this responsibility very seriously, and we are confident that the decision was made for the greater good of all our members over the long-term.

## Frequently asked questions

### **Q: How did this happen?**

**A:** When we sold the investment in Bravura Solutions in 2018, our Trustee carefully weighed the options and made the decision to transfer the profits to the General Reserve. It did this to reflect the strategic nature of the investment in the company.

### **Q: How will I benefit from this?**

**A:** LGIAsuper's investment in our Bravura administration platform delivers a more seamless and modern system to support our services to members.

### **Q: How will I be impacted?**

**A:** The short-term impact of this decision was an adjustment in members' investment earnings in 2018/19. Depending on your account type and investment option, this impact was a reduction in the annual investment earnings ranging from -0.02% to -0.22%. Refer to table on the following page.

## Impact of the Bravura sale on 2018/19 earning rates (per annum):

INVESTMENT OPTION	IMPACT ON 2018/19 EARNING RATES (P.A.)			
	Accumulation accounts, and Transition to Retirement accounts	Pension accounts	Defined Benefits accounts (former City Super)	Defined Benefits Fund
Defined Benefit funds			-0.12%	-0.12%
Aggressive	-0.11%	-0.13%		
Diversified Growth	-0.18%	-0.22%		
MySuper Lifecycle Under 75	-0.18%			
MySuper Lifecycle 75 Plus	-0.12%			
Balanced	-0.12%	-0.14%		
Stable	-0.06%	-0.07%		
Defensive	-0.02%	-0.02%		

### Q: What is the General Reserve?

**A:** The General Reserve is an allocation of money that is kept aside to accommodate future financial obligations for the Fund. The use of a General Reserve is a common practice among superannuation funds.

The management of the General Reserve is specified in LGIASuper's Board Policy – General Reserve. The General Reserve is not dissimilar to how, at home, a member might choose to hold some funds in reserve to accommodate unexpected changes in expenditure or changes in income.

### Q: Is LGIASuper in financial trouble?

**A:** No. The successful sale of our investment is an example of one of the many strategic business decisions any fund must make as responsible custodians of their members' money. As always, LGIASuper has put its members' interests first.