

LGIAsuper's valuation methodologies

The valuation of LGIAsuper's assets is governed by our Asset Valuation Policy. The objective of this policy is to ensure that the Fund's investments accurately reflect their net market value and to ensure members entering, exiting, and continuing with the Fund are treated equitably. NAB Asset Servicing (NAS), as custodian for LGIAsuper, holds the investment assets of the Fund on behalf of LGIAsuper. NAS reports the value of LGIAsuper's investments in accordance with its own Pricing Governance Policy, which LGIAsuper incorporates by reference into the Asset Valuation Policy.

The following is a summary of LGIAsuper's methodology for the different types of investments of the Fund, as governed by the Asset Valuation Policy and NAS Pricing Governance Policy.

General principles

The Asset Valuation Policy ensures we value assets in accordance with the applicable laws, regulatory policies, accounting standards and best practice principles. Our general approach is to value assets at net market value – this is the amount expected to be received from the disposal of an asset in an orderly market after disposal costs.

NAS primarily uses pricing information from third-party independent suppliers (e.g., recognised securities exchanges, reputable and widely used service providers), and limits the circumstances where this is not possible. (e.g., an LGIAsuper fund manager's valuation). Where appropriate, NAS uses multiple service providers to provide multiple prices to minimise the risk of incorrect valuations.

Listed investments

Listed investments include listed and traded securities, or other securities which are liquid and frequently traded (e.g., fixed interest securities, foreign currencies). NAS receive updated valuations of listed securities based on publicly quoted market prices on recognised exchanges, such as the ASX, NYSE, FTSE. LGIAsuper listed assets are re-valued each business day by NAS based on these prices.

Unlisted investments

Unlisted investments are assets that are not traded on recognised exchanges and listed markets. The most common unlisted investment LGIAsuper invests in are unlisted investment funds which hold real property and infrastructure assets, and private equity. LGIAsuper relies on valuations by the fund manager, subject to initial due diligence of the fund manager's valuation policies and a requirement for an independent valuation at least annually by a qualified valuer, and regular rotation of valuers. LGIAsuper can request more frequent or immediate valuations if required, e.g., where there is a significant shock in the external environment.

Derivatives

Derivative assets may be listed or unlisted investments. Listed or exchange traded derivatives are valued in the same way as listed securities (noted above). For unlisted derivatives (such as over-the-counter derivatives), NAS uses a wide range of reputable and widely used service provider models and valuations, such as IHS Markit and Refinitiv (formerly Thomson Reuters). Where possible, unlisted derivatives are revalued on a daily basis (e.g., foreign currency hedges).