

Fees/costs Mapping Table - RG97

V. 20171017

Acronyms: Additional explanation of fees & costs ('AEFC'), Exchange-traded fund ('ETF'), Indirect cost ratio ('ICR'), Investment Management Agreement ('IMA'), interposed vehicle ('IV'), Listed Investment Company ('LIC'), Managed investment scheme ('MIS'), Operational Risk Financial Requirement reserve ('ORFR'), over-the-counter ('OTC'), Profit-for-member ('PFM'), Responsible Entity ('RE'), Real Estate Investment Trust ('REIT'), Successor fund transfer ('SFT').

No.	Fee & cost category	Description	Historical/Prospective
1	Management Fees	a) Fees charged: Management fees charged by the RE/ trustee, typically via deducting amounts directly from the scheme.	Prospective
		b) Fees paid (direct): Management fees paid directly by the RE/ trustee to investment managers e.g. under a mandate (IMA).	Historical
		c) Fees paid (indirect): Management fees incurred indirectly in relation to an IV (e.g. most investments in unit trusts, limited partnerships, REITs, LICs, or ETFs), less any rebates/offsets.	Historical
2	Performance Fees	Performance fees charged by the RE/ trustee that relate to the performance of the fund or investment option as a whole [RG97.124]	Prospective (fee template) Historical (fee example)
3	Performance-related fees/ costs	a) Direct: performance fees paid directly by the RE/ trustee to an investment manager (generally under a mandate).	Historical
		b) Indirect: performance fees/ carried interest incurred in relation to investments in IVs.	Historical
4	Administrative/ operational expenses, E.g. in relation to: a) custody b) accounting c) tax reporting d) fees paid to external REs/ trustees e) organizational/ termination expenses f) advisory committee expenses g) insurance costs h) directors' fees i) amounts deducted to fund the ORFR (super only) j) APRA levies (super only)	a) Direct: paid directly by the RE/ trustee (or recovered directly from the fund/ investment option's assets).	Historical
		b) Indirect: incurred in relation to investments in IVs.	Historical
5	Securities lending	a) Direct: where the custodian or other 3rd party manages a securities lending program on behalf of the RE/trustee, the portion of revenue from the program retained by the custodian or other 3rd party as well as any explicit costs will need to be disclosed.	Historical
		b) Indirect: any securities lending related costs incurred indirectly in relation to investments in IVs.	Historical
6	OTC Derivatives Includes the costs of over-the-counter derivatives (e.g. forwards, interest rate swaps, total return swaps, options)	a) Direct: costs relating to OTC derivative trades of the fund or within a mandate.	Historical
		b) Indirect: costs incurred in relation to OTC derivative transactions of an IV.	Historical
	Transactional & Operational Costs T&O costs may either be incurred directly by the RE/ trustee, or indirectly in relation to investments in IVs.	a) Explicit costs such as: i) brokerage; ii) fund buy-sell spreads (incurred on apps/reds in MISs with a spread); iii) clearing/ settlement costs (e.g. for exchange traded derivatives); iv) stamp duty & other taxes; v) due diligence costs (e.g. legal & advisory costs), including broken deal costs; vi) other acquisition/ disposal costs (e.g. sales commissions).	

Managed Investment Scheme ('MIS')

MIS Additional Notes	PDS Disclosure					Statements	
	Management costs			AEFC		Indirect costs of your investments	AEFC
	Management fee	Performance fee	Indirect costs	T&O	Other		
	√					√	
Disclosure is only required if an additional cost to investors. i.e. if management fees to underlying managers of the scheme are paid by the RE out of the management fee it charges, no separate disclosure is required.			√ (if applicable. Generally N/A)			√ (if applicable)	
		√				√ (if applicable)	
		√			√	√	
Performance-related fees should be disclosed on an actual/ historical basis as a component of Indirect costs.			√			√	
An RE may elect to show performance-related fees as a separate disclosure within its Indirect cost disclosure as 'Performance-related fees', given such costs tend to fluctuate from year to year.			√		Disclosure of performance-related fees in AEFC is recommended but not a legal requirement.	√	
RG97 does not prescribe whether performance-related fees should be disclosed on a cash/realised or accrued basis. However, best practice is to take into account accrued amounts where such information is available.			√			√	
			√			√	
Often custody fees and other administration expenses are paid directly by the RE. However, many fund constitutions allow the RE to recover amounts from the fund to pay for certain administration expenses and some REs may do this in practice. Amounts only need to be disclosed to the extent that they are recovered from the fund and are therefore an additional cost to investors. Some REs may choose to show these items separately in their Indirect costs disclosure as 'Recoverable expenses'.			√			√	
Note: i) & j) are not relevant for MISs as they are not APRA regulated schemes.			√			√	
			√			√	
			√			√	
In some circumstances an RE may exclude OTC derivative costs from its Indirect cost disclosure, and instead disclose such costs as T&O costs. Exclusions include: 1. Hedging - where OTC derivatives are held for any kind of hedging (i.e. risk mitigation) purpose. 2. Efficient portfolio management - where the RE determines that holding the OTC derivative is more cost effective than replicating the same investment outcome by holding physical securities directly. 3. Transaction costs - where the RE determines that a portion of the calculated costs represent the transaction costs that would have been incurred in replicating the same investment outcome by holding physical securities directly, that portion may be disclosed as T&O costs.			√ (however see note)			√	
			√ (however see note)			√	
					√		√ (net T&O costs where buy-sell spread disclosed separately) OR √ (gross T&O costs)

Superannuation Fund

Super Additional Notes	PDS Disclosure				Statements	
	Headline Fee Table		AEFC		Indirect costs of your investments	Other fees of your investment
	Investment fee	ICR *	T&O	Other		
Only applicable for funds with a retail fee type. PFM funds generally do not charge a management fee as such, although may accrue some type of 'trustee charge' amount in the unit price. Such amounts should be thought of as a type of 'Management fee' and disclosed on a prospective basis.	√					√
	√					√
Retail fund: generally n/a as paid by the trustee out of the management fee it charges. PFM fund: disclose on an actual historical basis for the previous FY.	√	√ (for IVs if trustee elects)			√ (for IVs if trustee discloses such amts in ICR)	√
It is unusual for super funds to directly charge performance fees to members. However, if applicable, they are to be disclosed as a component of the Investment fee.	√ (if applicable)			√		√
Performance-related fees should be disclosed on an actual/ historical basis.	√				A description of performance-related fees in AEFC is discretionary (not a legal requirement) but recommended.	√
Trustee's may elect to show performance-related fees as a separate disclosure within its Investment fee or ICR disclosure as 'Performance-related fees', given such costs tend to fluctuate from year to year.	√	√ (for IVs if trustee elects)			√ (for IVs if trustee discloses such amts in ICR)	√
RG97 does not prescribe whether performance-related fees should be disclosed on a cash/realised or accrued basis. However, best practice is to take into account accrued amounts where such information is available.	√	√ (for IVs if trustee elects)			√ (for ORFR amounts if trustee discloses such amts in ICR)	√
Retail funds may pay custody fees and other administrative/ operational expenses out of the management fee charged. In addition, trustees may fund the ORFR and annual APRA levies out of Administration fees such that they are not an additional cost to members.	√	√ (although not incurred through an IV, RG 97.166(c) & 97.188 suggest trustees may make an election to disclose ORFR amounts in the ICR)			√ (for ORFR amounts if trustee discloses such amts in ICR)	√
In these cases there will be no separately disclosable amount. However, to the extent that a trustee recovers additional amounts from the fund/ investment options to pay for these items, such amounts will be disclosable as a component of the Investment fee.	√	√ (for IVs if trustee elects)			√ (for IVs if trustee discloses such amts in ICR)	√
	√	√ (although not incurred through an IV, RG 97.166(a) suggests trustees may make an election to disclose sec-lending amounts in the ICR)			√ (for amounts included in the ICR)	√
	√	√ (for IVs if trustee elects)			√ (for IVs if trustee discloses such amts in ICR)	√
	√	√ (for IVs if trustee elects)			√ (for IVs if trustee discloses such amts in ICR)	√
All disclosure should be on an historical basis for the prior FY & will be a component of the Investment fee (except for amounts incurred as a result of investments in IVs where the trustee may elect to disclose its share of such amounts in the ICR). <i>The 'double disclosure' in both the headline table & AEFC of explicit transaction costs is a key difference in the disclosure requirements between MISs and Super. To be able to disclose the correct amounts, super funds that invest in MISs will need to be able to identify the component of T&O costs that are explicit (net of any amounts recovered from the buy/sell spread).</i>	√	√ (for IVs if trustee elects)	√	Description	√ (for IVs if trustee discloses such amts in ICR)	√

No.	Fee & cost category	Description	Historical/Prospective	MIS Additional Notes	PDS Disclosure					Statements		Super Additional Notes	PDS Disclosure				Statements								
					Management costs			AEFC		Indirect costs of your investments	AEFC		Headline Fee Table		AEFC		Indirect costs of your investments	Other fees of your investment	AEFC						
					Management fee	Performance fee	Indirect costs	T&O	Other				Investment fee	ICR *	T&O	Other									
7		b) Implicit costs: bid/offer spread assessment of security trades (applicable to fixed income securities, FX spot conversions & listed equities) & market impact.	Historical					✓						✓											
		c) OTC derivatives transactional costs for MIS: OTC derivative costs excluded from an RE's disclosure of Indirect costs (see 5 above).								✓															
		d) Property operating costs <i>Note: ASIC's guidance has been that only property operating costs incurred for the benefit of the landlord need to be disclosed. However, there are implementation issues regarding achieving consensus on the types of costs this includes and how such information could practically be collected/ calculated across the various types of property structures.</i>									✓					✓	(included in T&O costs)		✓		✓				
											✓					✓				✓					
8	Borrowing costs	Includes the RE/ trustee's share of fees and costs incurred indirectly via an interest in an IV that relate to a credit facility. E.g. interest, loan establishment fees, commitment and line fees, as well as any associated legal costs.	Historical	Refer Guidance for transitional arrangements and more information on strategic and operational borrowing costs					✓	✓								✓	✓				✓	(strategic - disclosed separately or under "Total fees plus borrowing costs")	
9	Investment team costs	Where relevant, Investment team costs may include investment staff salaries & incentives, data/ system costs, asset consultant fees, travel costs, investment research costs etc.	Historical	Advisory/ project-related costs etc. are normally paid directly by the RE out of the management fee & are therefore do not require disclosure.																				✓	
10	Other costs paid directly out of the scheme/ investment option or incurred indirectly	a) Direct: may include fees paid to specialist investment advisers for particular asset classes (e.g. infrastructure & private equity) & any other amounts recovered directly from the fund not captured elsewhere (e.g. project-related costs, including for an SFT as a result of a merger).	Historical	Advisory/ project-related costs etc. are normally paid directly by the RE out of the management fee & are therefore do not require disclosure. However, some und constitutions may permit REs to recover certain abnormal/ extraordinary expenses from the fund (e.g. for litigation) and if this right is exercised, the amounts recovered would require disclosure.																				✓	
		b) Indirect: includes any other costs incurred by IVs. This may include items such as extraordinary expenses (e.g. the costs of any litigation the fund is involved in).																							

Note that all amounts should include the net effect of GST (i.e. GST less any RITCs claimed).
Note that where historical fees and costs are required for existing funds, a prospective estimate will need to be provided for new funds
Other expenses for consideration: share registry fees, bank account fees, director fees & property development fees.

* While trustees have discretion under the regime to disclose certain amounts in the ICR, it may help achieve comparability across super funds if a majority of trustees adopt the same approach. E.g. A number of funds have note not elected to put any amounts in the ICR, but rather disclose everything in the Investment fee as broken down categories/amounts.