

GRF_114_4: Details of Investment Assets

These instructions must be read in conjunction with the general instruction guide.

Explanatory notes

Holdings of units in unit trusts

Where the reporting insurer's investments are represented by holdings of units in unlisted or listed managed investment vehicles/entities, units are to be reported in Section 5 of this form. This requires amongst other things, disclosure of the value of the unit holding according to the nature of the underlying market exposure (i.e. fixed interest rate related, equity related, property related). If the units are held in a diversified or balanced trust, the investment holding is to be disclosed in accordance with the fund's advised asset allocation.

As an exception, if the units are held in a related party of the reporting insurer (i.e. a dedicated investment management entity for the Insurer), the insurer may apply to APRA to have such entities approved as part of its Extended Licensed Entity (ELE). This is set out in *Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge* (GPS 114). Once approved by APRA this will allow the insurer to look through the legal structures involved and consolidate the balance sheet of the related party with its own for the purposes of determining the Asset Risk Charge. If the insurer has an approved ELE, the underlying individual securities/investments supporting the units held by the licensed insurer are to be disclosed in the investment returns.

Subordinated debt

Subordinated debt is any debt instrument issued by a company (whether Australian or foreign) that constitutes debt subordination within the meaning of subsection 563C(2) of the *Corporations Act 2001* but with the references in the subsection to 'Company' to be read as including foreign corporations. This definition does not apply to debt instruments issued by a special purpose vehicle (SPV) set up for the purpose of securitising an asset or a pool of assets. Any debt instruments issued by such an SPV are to be treated as ordinary debt instruments with the asset risk charge applied according to the issue-specific counterparty rating.

Securities purchased (sold) under agreements to resell (repurchase) and stock lending / borrowing

Treatment is to be consistent with *Australian Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement* (AASB 139). Where the transferee of the security effectively receives a lender's rate of return, or a return that does not correlate with ownership of the securities (i.e. the risks and rewards of ownership of the underlying securities are not effectively transferred), these transactions are to be accounted for as collateralised borrowing or lending activities.

Under this method of accounting, for transactions that satisfy the above, do not adjust (i.e. increase or decrease) the physical investment security holdings/portfolios

(interest rate and equity investments) for the securities that are subject to these agreements.

Securities Transacted not Settled (i.e. trade date accounting)

For the purpose of this form, include market related securities that are recorded on a trade date basis and transacted in accordance with accepted financial market settlements periods in the relevant sections. These do not constitute forward asset purchases for the purposes of *GRF 114.3 Off-balance Sheet Business*.

Instructions for specific items

Section 1: Direct interest rate holdings

1. Deposits or placements with (i.e. money market type deposits / placements)

This is the value of deposits or placements that are of a money market type basis, as at the reporting date, redeemable or withdrawable by the reporting insurer on demand or within 24 hours. This must be held as part of the reporting insurer's investments portfolio.

Do not include any deposits at call that are used by the reporting insurer for daily liquidity/operations (i.e. funds that are not specifically included as investment funds). These are to be disclosed as money at short call in Item 1.2 of *GRF 300.0 Statement of Financial Position*.

1.1. Authorised Deposit Taking Institutions (ADIs)

This is the value of deposits or placements with ADIs. An ADI has an in force authority under subsection 9(3) of the *Banking Act 1959*.

1.2. Other

This is the value of deposits or placements with entities other than ADIs.

2. Short term securities

Short term securities are those with an original term to maturity (as opposed to a residual term to maturity) that is equal to or less than 1 year. Include: bills of exchange; certificates of deposits; commercial paper; other one name paper; and securities lent or sold under repurchase agreements.

Bills of exchange

A bill of exchange is an unconditional order drawn (issued) by one party, sent to another party for acceptance and made out to, or to the order of, a third party, or the bearer. It is a negotiable instrument that binds each endorser of the bill to pay on redemption should the acceptor fail to do so. These securities are issued at a discount to face value.

2.1. Bank accepted

This is the value of bills of exchange held by the reporting insurer as at the relevant date, and that have been accepted by a bank.

2.2. Other

This is the value of bills of exchange held by the reporting insurer as at the relevant date, and that have not been accepted by a bank.

Commercial paper and promissory notes issued by

This is the value of short term securities excluding bills of exchange.

2.3. ADIs

An ADI has an in force authority under subsection 9(3) of the *Banking Act 1959*.

2.4. General insurance corporations

A general insurance corporation is a body corporate that is authorised under section 12 of the *Insurance Act 1973* to carry on insurance business in Australia. More generally, a non-life, property or casualty insurer.

2.5. Securitisers

This refers to a securitisation program or securitiser. A securitisation program represents a structure (a Special Purpose Vehicle (SPV)) where the cash flows from a pool of assets (or interests in assets) are used to service obligations to creditors (typically holders of debt securities) who fund the SPV.

2.6. Private trading corporations

A private trading corporation (non-financial) is a corporation owned and controlled by the private sector whose main activities are producing goods or non-financial services for sale.

This includes:

- all resident private corporate trading enterprises, and non-profit institutions that are market producers of goods or non-financial services;
- intra-group financiers and retailers registered under the *Financial Sector (Collection of Data) Act 2001* (Collection of Data Act) and parent corporations with significant holdings of shares in private trading companies;
- privately owned schools and hospitals;
- any unincorporated unit that is a branch in Australia of a non-resident company and which is not included in the financial sector; and

- unincorporated business in the nature of branches of non-resident companies and joint ventures or partnerships owned / operated by trading corporations.

2.7. Registered Financial Corporations

Registered Financial Corporations (RFC) are corporations registered by APRA under the Collection of Data Act that are classified as Categories D, Other, or are Cash Management Trusts. These entities are involved in the business of provision of finance (i.e. loans or debt securities) and, usually, the borrowing of money.

2.8. Australian Commonwealth Government corporations

This refers to a Commonwealth Public Sector Trading Enterprise (non-financial), which is a trading enterprise owned and controlled by the Australian Commonwealth Government and which produce goods or non-financial services for sale at market price.

This includes all trading enterprises owned 50 per cent or more by the Commonwealth Government or controlled by the Commonwealth Government through legislation, decree, or regulation. This excludes the Commonwealth Government itself; Government departments; Commonwealth Government owned financial institutions; and Commonwealth borrowing authorities.

2.9. Australian Commonwealth Government

The Australian Commonwealth Government includes the Federal Government but excludes State and Territory Governments and Commonwealth Public Sector Trading Enterprises.

2.10. Other Australian Government (state, territory & local government)

This refers to a state, territory or local Public Sector Trading Enterprise, being a business which is owned and controlled by a state, territory, or local government and which is not a financial institution or central borrowing authority.

This includes all trading enterprises 50 per cent or more owned by a state, territory or local government or controlled by a state, territory, or local government through legislation, decree, or regulation (e.g. state rail and water authorities, gas and fuel authorities, housing commissions, port authorities, non-privatised power authorities, etc.).

2.11.1. Where the security has a Grade 1 rating or the country's long term foreign currency rating is Grade 1

This refers to a national government of a foreign country where the security in relation to the reported information has a grade 1 counterparty rating or the long term foreign currency counterparty rating of the country is grade 1. Grade 1 is defined as per *Prudential Standard GPS 001 Definitions* (GPS 001).

2.11.2. Other

This refers to a national government of a foreign country where the security in relation to the reported information does not have a grade 1 counterparty rating or the long term foreign currency counterparty rating of the country is not grade 1.

2.12. Other

The counterparty for this item is any other counterparty which is not specifically identified in Item 2 in Section 1 of this form.

It is automatically calculated as Item 2.13 less the sum of Items 2.3 to 2.10, 2.11.1 and 2.11.2

2.13. Total commercial paper and promissory notes

This is the total amount of short term securities that are not bills of exchange.

3. Long term debt securities

Long term debt securities are those which have an original term to maturity (as opposed to residual term to maturity) that is greater than 1 year. Include: commercial paper; other one name paper; and securities lent or sold under repurchase agreements.

For items 3.1 to 3.10, refer to instructions for Items 2.3 to 2.12 for definitions of these counterparties.

4. Total direct interest rate investments

This is the value of debt securities held by the reporting insurer as at the relevant date, plus the value of deposits and placements that have been classified by the reporting insurer as assets backing insurance liabilities for statutory reporting purposes.

It is automatically calculated as the sum of Items 1.1 to 3.10 in Section 1, excluding Item 2.13, and including sub-items.

4.1. Of which: denominated in a currency other than the Australian currency

This is the value of direct interest rate investments that are denominated in a currency other than the Australian currency.

4.2. Of which: holdings in own debt instruments

This is the value of direct interest rate investments that are issued and held by the reporting insurer.

Section 2: Direct equity holdings

1. Australian listed equity

The information required to be reported under this item is different to the information required to be disclosed for Item 4. This item is mainly collected for the purposes of

the Australian Bureau of Statistics (ABS) and as such the definitions of listed equities are slightly different for ABS purposes.

For ABS purposes, report only those equities listed on an Australian stock exchange and exclude equity investments in non-Australian resident companies listed on an Australian stock exchange. Report all other equity securities held by the reporting insurer in Item 2.

Equity securities are, as defined by the Australian Accounting Standards, contracts that evidence a residual interest in the assets of an entity after deducting all its liabilities. This includes equity securities lent or sold by the entity under repurchase agreements, where the transaction does not result in the transfer of the rights of ownership of the securities away from the entity to another party.

1.1. Banks and ADIs

Refer to the definition of Item 2.3 in Section 1.

1.2. General insurance corporations

Refer to the definition of Item 2.4 in Section 1.

1.3. Private trading corporations

Refer to the definition of Item 2.6 in Section 1.

1.4. Registered Financial Corporations

Refer to the definition of Item 2.7 in Section 1.

1.5. Australian Commonwealth Government corporations

Refer to the definition of Item 2.8 in Section 1.

1.6. Other

This is automatically calculated as Item 1.7 less the sum of Items 1.1 to 1.5.

2. Other equity

The information required to be reported under this item is different to the information required to be disclosed for Item 4. This item is mainly collected for the purposes of the Australian Bureau of Statistics (ABS) and as such the definitions of listed equities are slightly different for ABS purposes.

2.1. Banks and ADIs

Refer to the definition of Item 2.3 in Section 1.

2.2. General insurance corporations

Refer to the definition of Item 2.4 in Section 1.

2.3. Private trading corporations

Refer to the definition of Item 2.6 in Section 1.

2.4. Registered Financial Corporations

Refer to the definition of Item 2.7 in Section 1.

2.5. Australian Commonwealth Government corporations

Refer to the definition of Item 2.8 in Section 1.

2.6. Other

This is automatically calculated as Item 2.7 less the sum of Items 2.1 to 2.5.

2.7. Total other equity

Report all other equity securities held by the reporting insurer other than those equities listed on an Australian stock exchange.

3. Total equity securities

This is automatically calculated by the form.

4. Total direct holdings

This is the value, as at the relevant date, of equity securities and of subordinated debt securities.

It is automatically calculated as the sum of Items 4.1 to 4.4 in Section 2.

4.1. Listed subordinated debt

This is the value, at the relevant date, of debt securities classified as subordinated and which are listed on a recognised exchange.

4.2. Unlisted subordinated debt

This is the value, at the relevant date, of debt securities classified as subordinated and which are not listed on a recognised exchange.

4.3. Listed equities - Direct holdings

This is the value of equity securities, as at the relevant date, held directly by the reporting insurer that are listed on a recognised stock exchange.

4.4. Unlisted equities - Direct holdings

This is the value of equity securities, as at the relevant date, held directly by the reporting insurer that are not listed on a recognised stock exchange.

4.5. Of which: denominated in a currency other than the Australian currency

This is the value of direct equity securities, listed and unlisted, that are denominated in a currency other than the Australian currency.

4.6. Of which: holdings in own equity securities

This is the value of direct equity securities, listed and unlisted, that are issued and held by the reporting insurer.

5. Total direct equity investments of Licensed Insurer which represent exposure to the following sectors

Categorise the direct equity investments of the reporting insurer into the 11 global sector indices as per the Global Industry Classification Standard (GICS), and the currencies (as represented by their current ISO 4217 codes) listed in the table. A mapping of the ASX industry sectors to the GICS sectors is provided below.

This item is not applicable to Category C insurers.

Energy

Energy equipment and services; oil & gas.

Materials

Chemicals; construction materials; containers & packaging; metals & mining; paper & forest products.

Industrials

Aerospace & defence; building products; construction & engineering; electrical equipment; industrial conglomerates; machinery; trading companies & distributors; commercial services & supplies; transportation.

Consumer Discretionary

Automobiles & components; consumer durables & apparel; hotels; restaurants & leisure; media; retailing.

Consumer Staples

Food & drug retailing; food beverage & tobacco; household & personal products.

Health Care

Health care equipment & services; pharmaceuticals & biotechnology.

Financials Excluding Property Trusts

Financials include: banks; diversified financials; insurance; and real estate.

Information Technology

Software & services; technology hardware & equipment.

Telecommunication Services

Diversified telecommunication services; wireless telecommunication services.

Utilities

Electric utilities; gas utilities; multi-utilities; water utilities.

Property Trusts

Investments in real estate via a trust structure.

Total exposure to all sectors

This is automatically calculated as the sum of the 11 GICS sectors, and each currency..

Section 3: Direct property holdings

1. Total direct property investments

Property investments denominated in a currency other than Australian currency must also be reported in this section. Property investments are those where the investments (earnings and capital value) are dependent on cashflows generated by the property through sale or rental income. Holdings in listed and unlisted property trusts are to be reported in Section 5 of this form.

1.1. Office

Report the value of property investments that are used as offices.

1.2. Retail

Report the value of property investments that are used for retail purposes, including retail shops, restaurants and shopping centres.

1.3. Tourism and leisure

Report the value of property investments that are used for tourism and leisure purposes (e.g. hotels, motels and lodgings, recreational and sporting facilities, hotel developments, time-share developments and other hospitality industries).

1.4. Infrastructure

Report the value of property investments that are classified as infrastructure (e.g. roads, bridges, power stations).

1.5. Other

This is a balancing item and is the value of property investments that are not included in one of the other classifications in Items 1.1 to 1.4 in Section 3.

It is automatically calculated as Item 1.6 less the sum of Items 1.1 to 1.4.

1.6. Total direct property investments

1.6.1. This is the value of property held by the reporting insurer as at the relevant date, in accordance with the classification and measurement basis under Australian Accounting Standards. **Of which: denominated in a currency other than the Australian currency**

This is the value of direct property investments that are denominated in a currency other than the Australian currency.

Section 4: Loans and advances

(1) Balance outstanding

Report the aggregate value of the outstanding loans provided by the reporting insurer gross of any provision for impairment.

(2) Value of security

Report the aggregate fair value of property or other assets that are taken as security for the loan provided by the reporting insurer.

(3) Provision for impairment

Report the aggregate provision for impairment applying to the particular loan portfolio / classifications listed (e.g. households).

For the purposes of the APRA forms, impairment means that there exists reasonable doubt that amounts of principal (or fair value) and any associated amounts of accrued income (e.g. interest, dividends, distributions associated with the investment / asset) will be able to be collected by the Insurer.

(4) Balance outstanding net of provision for impairment

This is automatically calculated as Column 1 less Column 3 in Section 4.

1.1. Households

The counterparty is an individual, or group of individuals, whose dealings with the reporting insurer are for personal or household purposes. This does not include circumstances in which the counterparty is dealing with the reporting insurer in relation to a business or enterprise, regardless of how that business or enterprise is structured.

1.2. Private unincorporated businesses

The counterparty is a Private Unincorporated Business, being any enterprise issued with an Australian Business Number that is not a body corporate, as defined in the *Corporations Act 2001*.

1.3. Private trading corporations

Refer to the definition of Item 2.6 in Section 1.

1.4. Other

The counterparty is any other counterparty not specifically listed in Item 1 in Section 4.

It is automatically calculated as Item 1.5 less the sum of Items 1.1 to 1.3.

1.5. Total loans and advances

This is, as at the relevant date, the principal amount of loans and advances provided, including any accrued interest. Loans and advances are those financial assets categorised as 'Loans and receivables' in the Australian Accounting Standards other than 'Trade receivables' and 'Cash'.

2.1. Are contracted at fixed rates

This relates to loans and advances that have been funded at fixed interest rates, i.e. interest rates that do not fluctuate over the term, or life of the agreement.

2.2. Are contracted on a variable rate basis

This relates to loans and advances that have been funded on a variable rate basis. Variable rates are interest rates that fluctuate over the term, or life, of the agreement, causing changes in either the payments or length of the loan term.

2.3. Are contracted on an unsecured basis

This relates to loans and advances where assets have not been pledged to satisfy the repayment of a debt in the case of default by the borrower.

2.4. Repayment is past due date 90 days or more but < 1 year

This relates to loans and advances where the following criteria are met:

- the facility is not subject to a regular repayment schedule and has remained continuously outside contractual or approved arrangements for a period of 90 days or more but less than 1 year; or
- the facility is subject to a regular repayment schedule and:
 - at least 90 calendar days but not more than 1 year has elapsed since the due date of a contractual payment that has not been met in full; and

- the total amount outside contractual arrangements is equivalent to at least 90 days', but not more than 1 year's, worth of contractual payments.

2.5. Repayment is past due date 1 year or more

This relates to relates to loans and advances where the following criteria are met:

- the facility is not subject to a regular repayment schedule and has remained continuously outside contractual or approved arrangements for a period of 365 days or more; or
- the facility is subject to a regular repayment schedule and:
 - at least 365 calendar days have elapsed since the due date of a contractual payment that has not been met in full; and
 - the total amount outside contractual arrangements is equivalent to at least 365 days' worth of contractual payments.

2.6. Constitute premium funding business

This relates to loans and advances provided to an insured for the purposes of funding their premium.

3.1. Parent or related party not on commercial terms

This relates to loans and advances issued to the parent or a related party of the reporting insurer which have not been established on a commercial, arm's length basis. Arm's length is as per the Australian Accounting Standards.

3.2. Directors of the reporting insurer or related bodies corporate (or a director's spouse)

This relates to loans and advances issued to a director of the reporting insurer, a director of any party related to the reporting insurer, or a spouse of these directors. Related party is determined in accordance with Australian Accounting Standards.

3.3. Insurance brokers

This relates to loans and advances issued to insurance brokers.

3.4. General insurance companies

This relates to loans and advances issued to a General Insurer, being a body corporate that is authorised under section 12 of the *Insurance Act 1973* to carry on insurance business in Australia. This may include loans and advances to subsidiaries of the reporting insurer that are licensed general insurance entities.

3.5. Unsecured loans to employees (> \$1,000 individually)

This relates to unsecured loans and advances issued to employees of the reporting insurer that are individually greater than \$1,000.

Section 5: Holdings in indirect investment vehicles

1. Total holdings in indirect investment vehicles

This is the value, as at the relevant date, of the net assets of unit trusts or managed investment schemes invested in by the reporting insurer, or mandates individually managed on behalf of the reporting insurer. Include holdings in the following: individually managed mandates; units in wholesale trusts; units in retail / public offer unit trusts; managed investment schemes; and cash management trusts.

It is automatically calculated as the sum of Items 1.1 to 1.3 in Section 5.

1.1. Listed investment vehicles (excluding CMT)

The is the aggregate value of holdings that constitute investments in investment vehicles that are listed on a recognised exchange, not including holdings in cash management trusts.

1.2. Unlisted investment vehicles (excluding CMT)

The is the aggregate value of holdings that constitute investments in investment vehicles that are not listed on a recognised exchange, not including holdings in cash management trusts.

1.3. Cash management trusts

A cash management trust is a type of collective investment that enables investors to purchase an interest in primarily short-dated securities (e.g. treasury notes and bank bills).

1.4. Cash

This is the value of holdings in indirect investment vehicles where the underlying market exposure is to cash.

1.5. Fixed interest

This is the value of holdings in indirect investment vehicles where the underlying market exposure is to fixed interest assets.

1.6. Equities

This is the value of holdings in indirect investment vehicles where the underlying market exposure is to equities.

1.7. Property

This is the value of holdings in indirect investment vehicles where the underlying market exposure is to property.

1.8. Other

This is a balancing item and is the value of holdings in indirect investment vehicles where the underlying market exposure is to assets other than those classified as cash, fixed interest, equities and property.

2. (1) Name

This is the full name of the investment vehicle in which the reporting insurer is invested as identified in the investment deed.

2. (2) ACN/ABN

Where relevant, this column reports the Australian Company Number (ACN) of the investment vehicle. In cases where an investment vehicle doesn't have an ACN but it does have an Australian Business Number (ABN) or an Australian Registered Body Number (ARBN), the ABN or ARBN should be reported. If an investment vehicle does not have an ACN, ABN, or ARBN the column should be left blank.

Input the number without spaces.

2. (3) Related Party

Disclose where the investment vehicle is a related party by selecting 'Y' or 'N' from the drop-down box.

2. (4) Closing Value

This is the value, as at the end of the reporting date, of the net assets of the indirect investment vehicle.

Section 6: Policyholders' / Shareholders' funds

(1) Policyholders' funds

This is the value of the investments of the reporting insurer that are designated as relating to policyholders' funds.

(2) Shareholders' funds

This is the value of the investments of the reporting insurer that are related to shareholder's funds. These represent the remainder of funds which have not been classified by the reporting entity as being related to policyholders' funds.

1. Total direct interest rate investments

Refer to instructions for Item 4 in Section 1.

2. Total direct equity investments

Refer to instructions for Item 3 in Section 2.

3. Total direct property investments

Refer to instructions for Item 1 in Section 3.

4. Total net loans and advances

Refer to instructions for Item 1 and Column 4 in Section 4.

4.1. Balance outstanding

Refer to instructions for Item 1 and Column 1 in Section 4.

4.2. Provision for impairment

Refer to instructions for Item 1 and Column 3 in Section 4.

5. Total holdings in indirect investment vehicles

Refer to instructions for Item 1 in Section 5.

5.1. Cash

Refer to instructions for Item 1.4 in Section 5.

5.2. Fixed interest

Refer to instructions for Item 1.5 in Section 5.

5.3. Equities

Refer to instructions for Item 1.6 in Section 5.

5.4. Property

Refer to instructions for Item 1.7 in Section 5.

5.5. Other

Refer to instructions for Item 1.8 in Section 5.

Section 7: Investments with related parties

(1) Parent entity

Report the amounts in each column that are with/from the parent entity of the reporting insurer.

(2) Controlled entities / Controlled entities of the parent

Report the amounts in each column that are with/from a subsidiary of the reporting insurer, or another branch of the parent entity for a Category C insurer.

(3) Associates

Report the amounts in each column that are with/from an associate of the reporting insurer.

(4) Joint ventures

Report the amounts in each column that are with/from a joint venture of the reporting insurer.

(5) Other related parties

Report the amounts in each column that are with/from a related party of the reporting insurer that is not the parent entity, a subsidiary, an associate or a joint venture of the reporting insurer.

1. Total direct interest rate investments

Refer to instructions for Item 4 in Section 1.

2. Total direct equity investments

Refer to instructions for Item 1.6 in Section 5.

3. Total direct property investments

Refer to instructions for Item 1 in Section 3.

4. Total net loans and advances

Refer to instructions for Item 1 and Column 4 in Section 4.

4.1. Balance outstanding

Refer to instructions for Item 1 and Column 1 in Section 4.

4.2. Value of security

Refer to instructions for Item 1 and Column 2 in Section 4.

4.3. Provision for impairment

Refer to instructions for Item 1 and Column 3 in Section 4.

5. Total holdings in indirect investment vehicles

Refer to instructions for Item 1 in Section 5.