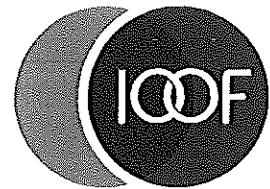


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18 March 2013

The Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007

E-mail: standard@asb.gov.au

Dear Mr Stevenson,

RE: Exposure Draft 233 Australian Additional Disclosures – Investment Entities

The IOOF Group (IOOF) has been helping Australians secure their future since 1846. During that time, we have grown substantially to become a leading provider of quality financial services. We now manage and administer more than \$116.4 billion of client monies (as at 31 December 2012), and are listed on the Australian Securities Exchange in the ASX top 200 (ASX:IFL).

IOOF would like to provide this submission with respect to the invitation for comments on Exposure Draft 233 Australian Additional Disclosures – Investment Entities (ED 233).

IOOF's primary concern with ED 233 is that it fails to fully align the accounting treatment of Investment Entities with the International Financial Reporting Standards (IFRS). IOOF supports the view that the AASB should adopt the IFRS's investment entity requirements unamended. The potential of not adopting the International Accounting Standard Board's (IASB) issued standard and thus having Australian investment entities not compliant with IFRS is considered unacceptable given the global nature of the investment management industry.

Through the IASB's submission and comment process, users have been consulted regarding their requirements from investment entities financial reports. The use of fair value information for controlled investments rather than consolidation has been determined to be the required information. IOOF's contact with users of our own investment entities' financial reports supports this determination.

Alternative View 2's additional disclosures would create confusion for the users of the investment entities' financial reports. The preparation of non-consolidated financial reports, while including consolidated numbers either on the face of the statements or in the notes, would lead to confusion regarding the reasons for having the consolidated numbers in the financial reports. The proposal would also raise questions as to why additional disclosures are required when compared to other countries investment entities financial reports.

Other observations and answers to the questions posed directly in ED 233 are contained in the main body of this response below.

If there are any questions on this response or if the Board would like to discuss any of the matters raised in more detail, please do not hesitate to contact either myself or Vincent Rossitto, Head of Investment & Accounting Services on 03 8614 4741 or vincent.rossitto@ioof.com.au.

Yours sincerely,



Michael Gaspert
Fund Statutory Reporting Manager
IOOF Holdings Limited

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1. *the appropriateness of the proposed Australian additional disclosures and whether such disclosures are warranted;*

IOOF's position is that the AASB should fully support the IASB's exemption in its entirety and not add any additional disclosures. The additional disclosures, preparing non-consolidated financial reports but including consolidated information, would lead to confusion amongst users of the investment entities financial reports.

IOOF supports the AASB in remaining fully compliant with the International Financial Reporting Standards. By failing to adopt the Investment Entity exemption in its entirety, the AASB is distancing Australian Reporting Standards from convergence with the International Reporting Standards.

Creating additional disclosure requirements that are in addition to the international reporting requirements can lead to confusion when international users read Australian investment entities' financial reports. This would raise questions as to why additional disclosures are required when compared to other countries investment entity financial reports.

2. *whether there are any alternative approaches/disclosure strategies that can be employed to minimise the adverse impact on decision-making of the loss of consolidation information;*

IOOF asserts that full compliance with the international exemption would be in the best interest of the users of the financial reports as that is the information they are using/requesting. There would be no adverse impact on decision-making if investment entities were not required to consolidate.

Rather than providing consolidated financial reports, users would find disclosures detailing financial instruments in the investment entity at a more granular level more informative for making decisions. This more granular information could include listing all financial instruments, top 10 financial instruments by portfolio weighting or disclosure of the interest/holding the investment entity has in that financial instrument.

3. *if the AASB's proposals proceed, whether you agree with not providing relief to Tier 2 entities from any of the proposed Australian additional disclosure requirements;*

IOOF has no strong view on the disclosure proposals.

4. *whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:*
 - a. *not-for-profit entities; and*
 - b. *public sector entities;*

IOOF has no strong view on the disclosure proposals.

5. *whether, overall, the proposals would result in financial statements that would be relevant to users;*

IOOF cannot accept that the proposals as drafted would result in financial statements that would be relevant to users. Users have already advised the IASB that they prefer fair value recognition of controlled investees rather than consolidation accounting. Further, our contact with users, both professional and regulatory, has confirmed their interest in the investment entities is at an investment entity level.

Investment Managers when reading financial reports do not look at the consolidated numbers, they view the parent financials with a view to looking at the fair value of financial instruments and the performance of the investment entity over the period.

Regulators require investment entities to comply with the AASB's, do not collect this information for their prudential requirements. All statutory/regulatory returns submitted by IOOF to regulators require the investment entity's parent information only.

Investors are primarily focused on performance returns of the investment entity. For unitised investment entities, performance returns are directly attributable to the movement in unit price over the period of the calculated return. The truest reflection of the unit price, and thus the input into performance reporting, is the fair value measurement of the financial instruments in the investment entity.

6. *whether the proposals are in the best interests of the Australian economy; and*

The disclosures described in the ED only impose greater costs on investment entities to comply with reporting standards. These additional costs would place Australian Investment Entities at a disadvantage when compared to international counterparts.