

QUOTE OF THE DAY

“When the industry is reflected on badly, we are all tarred with the same brush.”

- Janine Allis, Founder, Boost Juice

Leadership in times of change

ASFA 2011 kicked off with a surprise replacement for Dr José Ramos-Horta, President of Timor-Leste, who was unable to leave his country due to unforeseen circumstances. Stepping in at the last minute was the Hon Alexander Downer who provided a candid assessment of the current lack of global leadership.

Mr Downer, who was the foreign affairs minister for 12 years, told ASFA 2011 that “leaders had to have courage”. Implementing tough changes required leaders to demonstrate conviction and in order to win trust, you need to demonstrate a sincere impression that you know what is going on.

Mr Downer lamented the death of leadership at a global level. He pointed to President Clinton who, when pushed by UK Prime Minister to put troops on the ground in Kosovo, said that the US had to do polling and focus groups to see what people would think. The decline of the west, which has been a leading force in the world over the last 500 years, owes much to the reliance on opinion polling rather than leadership.

“I don’t think there has been a time in my life where the world has been so poorly led,” said Mr Downer. “The world has found itself profoundly in debt.” This according to Downer was a complete abrogation of responsibility. “The fact is that history sends out a warning to political

leaders,” said Mr Downer before citing the collapse of the Ottoman Empire, France’s Revolution in 1799, and Britain’s decline following WWI and WWII which all trace back to the accrual of excessive debts.

There will always be critics of change and Mr Downer believes that while consultation is important, “leaders have to have courage” and “implement their plan”.

Communicating in simple terms is a skill that is under appreciated. Mr Downer says that he would often have advisers say to him ‘Minister, this is a complex problem’ to which he would reply, ‘that means that you don’t understand it.’ Mr Downer had his own communication advice for the superannuation industry. “People want security in retirement. It is simple. Super is the answer to that question.”

General Peter Cosgrove followed Mr Downer with an equally frank and engaging presentation. General Cosgrove, who served in Vietnam and led UN forces in East Timor before becoming chief of the defence forces, said “sometimes you can opt-in, sometimes you can opt-out, but sometimes leading is unavoidable”.

He pointed to the importance of professionals to lead saying that no matter how daunting and overwhelming, professionals had to ask the rhetorical question “if not you to show leadership, then who?.. You are in position, you can’t avoid responsibility.”

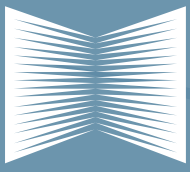
For those overwhelmed with the burden of the volume of regulatory change, General Cosgrove said that breaking down problems was critical. “I find complex issues drain energy from people. Many can be overwhelmed. Young people may not know how to attack the beast.”

Optimism and energy were critical in times of stress. Leaders, said General Cosgrove, were able to continue to lead even in times of turmoil.

For the superannuation industry, which General Cosgrove has come to know well due to his trusteeship of Qantas Super and Commonwealth Superannuation Scheme, the challenge of change is significant. “Leading super is like towing the Queen Mary by hand. You need stamina. Let’s get on with it.”

Recognising that there is conflict in the superannuation industry, General Cosgrove’s advice to the industry was to “constantly look for the points of friction to oil”.

Keeping communication simple, of core importance in communicating to the public on defence matters, also applies to super. Super, according to General Cosgrove, can be sold as “the only way to provide the life you want to live”.



Corporate branding – social space

The concurrent session on social media kicked off with a powerful presentation from Lucio Ribeiro, Managing Director of the Online Circle who challenged the super industry's thinking on social media strategy.

In the online world, Ribeiro said, there was no limit between big and small brands and that social media is not just Facebook, YouTube and Twitter. In fact he described social media as "using technology to talk". He said that while you may use multiple channels, it's about executing one integrated strategy "not 100 isolated tactics". In defining a social media strategy, Ribeiro stressed the importance of five key steps: Research, internal management, strategy, execution and measurement. Ribeiro also explained that when it comes to execution, each social media channel needs to have its own rules and that you must understand the mechanics of each channel.

Monitoring is the key ingredient when it comes to managing your online reputation. According to Ribeiro, being aware of what is happening online, so you can be prepared for a crisis is crucial. While there was no magic formula for a successful social media campaign, Ribeiro, does have a recipe for monitoring which includes setting up Google alerts, once-a-week Twitter and Facebook searches, and dedicating 45 minutes a week to doing online research on industry related keywords.

Ribeiro's informative and entertaining presentation was followed by Wayne Sullivan, Executive Manager Marketing at HOSTPLUS who provided insight into the execution of their recent *Cook for your career* campaign which used a number of social media channels. The campaign, which won two ASFA Communications Awards, didn't actually talk about superannuation; it "just started a conversation," said Sullivan.

Ribeiro complimented HOSTPLUS' campaign and told delegates that in the social media world, no one wants to hear you talk about yourself constantly. It's about having a story to tell.

Building trust through advice

Providing advice in super funds isn't just a decision about commercial advantage – it's a philosophical choice about what kind of fund you want to be, delegates heard in yesterday's session *Advice - a valued member benefit or a cross-subsidised loss maker*.

With the right advice model – capturing members who need advice, triaging them to the right advice product, and coaching them to implement their plan and stick with it – your fund can start a virtuous circle for the betterment of your members and your fund.

"Retention of people in service industries becomes very important. As a member, I will not value any level of service delivery if the service provider keeps changing on me, said Chair of State Super Financial Services, Peeyush Gupta.

"Cheap and low cost advice, apart from the risk issues, means you probably won't be able to pay your good people enough to stay. So it is a virtuous circle.

"There are plenty of people happy to pay two to three thousand dollars per year when the adviser knows them, not just as bits of data and a client file, but knows them as people."

According to Tony McDonald of Snowball Group, funds can build up to that level if they first build knowledge of and trust with their members.

One of the elements of a successful advice model is seamless triage, or 'passing the baton', he said: knowing when to escalate a member from one type of advice to another.

"There is a lot of disengagement until people experience serious life events, and advisers need to have their antennae up for those life events. If you've given a client enough piece-by-piece advice, you reach an inflection point where you need to have the real conversation with the client around the balances and the compromises they need to make – and that involves comprehensive advice."

A vision for the super industry

The Chair of ASFA articulated a vision for the industry at the opening of the 2011 ASFA Conference and Super Expo.

- 1. Setting our Adequacy and post-retirement policies** – including tax policy, the connection with public policy on health and aged care as well as policy setting to address market risk and longevity.
- 2. Connecting consumers and the industry** – helping them understand the economic role of the super pool of savings, providing clear and consistent messages about the safety and security of the system and, in particular, educating them about the world-class performance of the Australian system.
- 3. Enhancing the industry's influence** in developing public policy in investment areas like Infrastructure and climate change.
- 4. Addressing the challenges** involved in implementing the extensive reform agenda.
- 5. Continuing to adapt the operations and services** of ASFA to meet its members' needs.



Brand experience

Janine Allis, founder of Boost Juice, started the afternoon plenary for Day One reflecting on how she established the Boost Juice brand and led the company through its most challenging times. Ms Allis believes the key to success is not being better, but being different, and when your brand is faced with something bad, to attack it in a positive way. She also commented on the media's incredible ability to impact the views of consumers and acknowledged the sometimes negative press that has plagued super and continues to affect the industry brand. Ms Allis believes that "when the industry is reflected on badly, we are all tarred with the same brush" and that the industry must come together to build a bigger pie.

Founding Director of RedBallon, Naomi Simson, also shared her own story, telling delegates how she built the RedBallon brand and reflecting on the early days when she would hope for just one sale. But as she said; Hope is not a strategy in business. Ms Simson believes that building a successful brand is all about "listening and responding" and that our "brands are held in the hearts of our customers; we are merely the custodians". Ms Simson also shared the importance of a good work culture, saying look after your team and their wellbeing and they'll look after your brand.

These two female business leaders ended Day One's sessions then sat down with Chris Bath to discuss, amongst other issues, industry competition. Both Ms Allis and Ms Simson agree that competition is healthy, helps your brand continuously improve, and to remain competitive, you must focus on what you do well.

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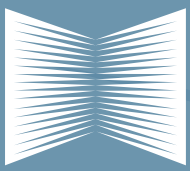


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Neil Cassidy, Peter Theodorakopoulos FASFA, Brian Jacobs, Jane Alister, Wayne Sullivan FASFA, Michelle Brown, Hans Van Daatselaar FASFA



Linda Elkins

Innovation in communication

ASFA 2011 kicked-off in style yesterday with over 130 delegates rising early to see the winners of the 2011 Communications Awards crowned at a special breakfast presentation.

HOSTPLUS scooped the pool, taking out four of the nine awards, including the first ever ASFA Comms Awards grand prize, Campaign of the Year.

The theme of the event was definitely 'innovation', with each and every one of the finalists displaying new and impressive ways to connect with members and stakeholders.

As second round judge, Christopher Zinn from Choice, said during judging – there were things amongst the entries he'd never seen before.

Host, Chris Bath, was on hand to congratulate the winners of the hotly-contested Awards for which a record number of entries were received across the eight categories open for entries.

"I want to congratulate all who took the time to submit your entries in what has been one of the busiest and most challenging years," said ASFA chief executive officer, Pauline Vamos.

"The fact that we had a record number of entries shows the depth of

dedication and passion in this industry.

"To be part of the marketing and communications function in your organisation, you need to be at the forefront of innovation.

"Today is about looking at how we can innovate even further next year. We have all learnt very well how to sell our organisations, but what we need to do now is learn how to sell the industry."

Winners of the ASFA Communications Awards 2011:

- **Campaign of the Year** - HOSTPLUS
- **Innovation of the year** - HOSTPLUS
- **Best ESG communications** - Colonial First State
- **Best use of public relations** - HOSTPLUS
- **Excellence in stakeholder communications** - Superpartners
- **Best use of social media** - TASPLAN
- **Best delivery of fine print** - Telstra Super
- **Excellence in member communication** - Care Super
- **Brand campaign of the year** - HOSTPLUS

In search of elephants

Smart currency management can add material value above the index of up to 0.4 per cent, delegates heard yesterday.

In the afternoon session, *Find the elephant – myths, misconception and maybe mistakes in currency management*, Stephen Wells, Managing Director, Head of Superannuation Funds, National Australia Bank, said more funds were looking at currency at an 'overall' portfolio level, rather than individual asset class level.

He said over the last 11 years, hedged funds outperformed unhedged funds in all but two years. Since 2000, that equates to a 68 per cent difference between the returns of a hedged and unhedged portfolio.

Troy Rieck, Managing Director, Capital Markets, QIC, addressed a couple of myths on currency management, telling attendees it's not true that currency effects wash out in the long run. The fact was it depended very much on your time horizon.

Another myth was that anyone could manage your currency for you. He argued that best practice governance requires agency relationships. "I'd like to see funds make deliberate choices about currency," Rieck said.

According to the NAB FX Survey, two-thirds of funds now review currency at least quarterly – a significant improvement from 2007 when two-thirds reviewed annually.



Raising the bar on governance

With the bar on directors' duties being raised by the courts in recent corporate law cases, and APRA about to do the same for governance of super funds, this afternoon session was sure to be a hot topic.

Danielle Press, CEO, Equisuper and Scott Charaneka, Partner, Norton Rose Australia, combined to present, Lip service doesn't cut it when it comes to fund governance – it's time to take off the gloves - facilitated by Dean Thomas, General Manager, MasterKey, MLC.

Mr Charaneka led the charge, looking at the duties of directors. All must have an awareness of their legal obligations he said, looking at the ASIC v Rich case and recent Trio collapse as examples and indications of what will be expected of directors down the line. Mr Charaneka implored directors to make reasonable enquiries and not simply reply on the information presented.

Ms Press then took a practical look at governance best practice and governance of directors and board management, addressing the key concepts funds needed to consider.

There is a "huge amount of hypocrisy in this industry," she said, saying the industry was constantly criticising yet failed to implement the same themselves.

Ms Press said independent directors were essential, as was the management of conflicts of interest and, although harder to manage, conflicts of duty. And where a board is lacking skills and knowledge, experts should be brought in.

"Boards govern and management manage," Ms Press said. "The Board's role is to make sure the CEO is implementing strategy properly."

Ms Press also spoke to session delegates about the special arrangements required if investments were managed internally.

"You've got to have a divorce clause so you can sack an internal team if things go pear-shape," she said.



Measuring up

There was lively debate in room M3 yesterday afternoon, over how the new Standard Risk Measure was developed.

The new Risk Measure is a simple rating system based on the number of negative annual returns over any 20-year period; a parameter set by APRA, delegates heard.

The measure does not take into account things like the quantum of the negative return, valuation risk, liquidity risk, portfolio risk or any other type of risk; a perceived weakness of the measure.

Delegates were told the working group that developed the measure decided against using a common set of assumptions so that trustees do not abrogate their responsibility in the process. The idea being that the risk measure be used for accumulation and pension environments as well as for non-super investments offered through superannuation platforms.

The session also heard that no matter what people thought of the new scale, the regulators would be looking to see its use and understand how trustees categorised risk.

David Hutchison, Head of Investment Product Development at MLC Investment Management said, "The regulator will expect trustees to have a sound methodology to measure risk".

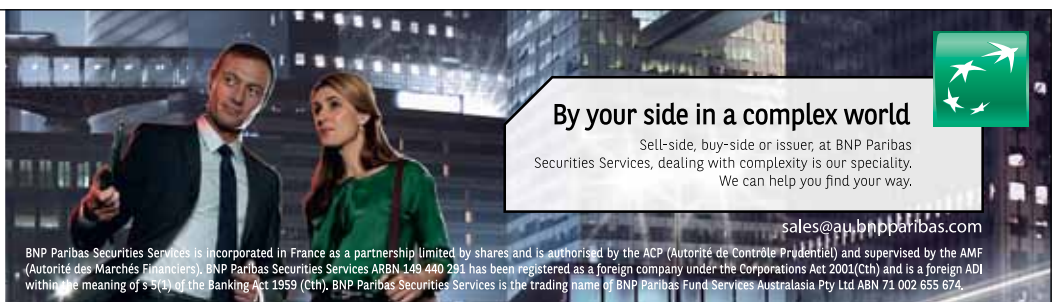
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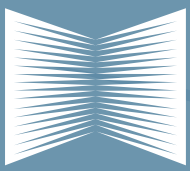


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seen at asfa 2011



Tanya Klujin, Ken Shaw, Margaret Harwood-Jones, Stephen Tremelling, David Goodacre, Pierre Jond



For your chance to win this Paspaley pearl necklace, head down to the BNP Paribas booth before 9am Friday.



Craig Godfrey, Tony Lally, Steven Travis



Brent Tulk, Margaret O'Halloran, David Fantuzzi



Michael Davison, Linda Elkins, Stephen Cullen



Randall Sims, Kit Cherry, Jane Shelton



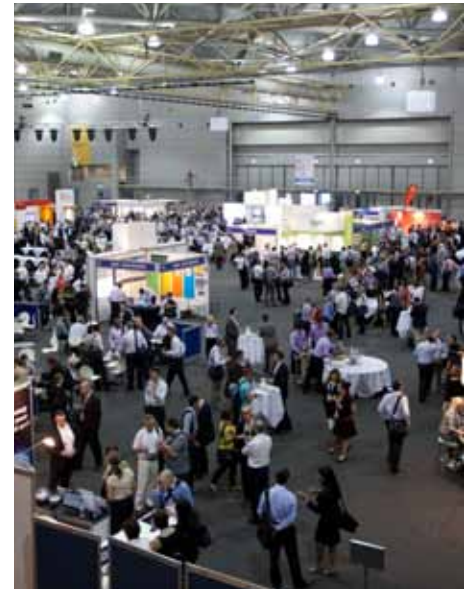
Jackie Clark, Paul Lynch, Wanda Britton



Graeme Mather, James Panaretos, Tony Cole



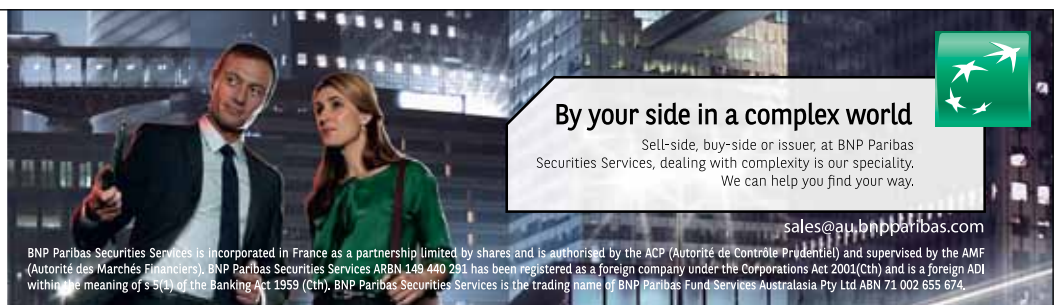
Martin Goss, Anthony Serhan, David Hutchison, John Coombe



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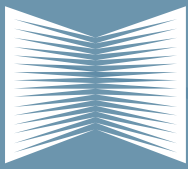
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TOP TWEETS



@stephnhuppert

#BatteryLife a major problem when tweeting & yammering during conference!!! Thanks for the recharge at @asfaAUST stand #asfa2011

@BlueChip_Comm

Loving @lucio_ribeiro 's passion for online rep mgmt. "Everyone has a strategy until they get punched in the face" #asfa2011

@ActuariesInst

To be able to explain something complex simply is a sign of great intelligence- Alexander Downer at ASFA #asfa2011

@brooksieg

Now at #asfa2011 getting advice on advice. 20% of Aussies still prefer advice from family and friends. It's all about trust.

@MissMonforte

1 in 4 aussies don't open their #superannuation statements. Best practice comms urgently required: engage, inform, activate. #asfa2011

@TowersWatsonAus

Zinn another tip: funds, do unique, authentic campaigns. Don't follow templates, ensure they reflect your organisation values #asfa2011

@WayneASullivan

My son is deciding whether to study Chinese or Indonesian. After listening to #AlexanderDowner #asfa2011 I'm pushing for Chinese!

@irishseanl

@asfaAUST Downer no understudy. Star turn on leadership and big vision and political courage. #asfa2011



Inside word...

ASFA 2011 Workbook for iPad has seen a spike in downloads. For a moment on Monday we thought it would be the only option for delegates as the hard copy workbooks went 'missing in action' for more than 48 hours! The courier company finally located the 71 boxes of our cargo early Tuesday. ASFA staff have taken their hearts out of their mouth and restored them to their rightful place.

In other news...

iqCloud

The IQ Business Group has confirmed the launch of its new community cloud, iqCloud, to be rolled out initially to Australia's superannuation industry. iqCloud will form a cloud computing extension of the IQBG Trustee Office Solution, iqBoard, an automated governance solution primarily for superannuation Trustee Board and sub-committee Members.

New mandate

AMP Capital has launched a new dynamic asset allocation investment solution. The AMP Capital Dynamic Asset Allocation Fund, targeted initially at the institutional market, responds to increasing market volatility by offering a flexible allocation between growth and defensive asset classes over a medium term investment period. The Fund has been awarded a \$30 million mandate from the Western Australian Local Government Superannuation Plan.

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