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**Use and usefulness of PDSs in  
the financial planning context**

GERRY GALLERY, NATALIE  
GALLERY and KYM IRVING SA Fin

Following considerable criticism of the complexity and lack of readability of product disclosure statements (PDSs), regulatory changes were introduced requiring shorter PDSs for certain investment products. This paper reports the findings of an online survey of financial planners regarding use of managed investment scheme (MIS) PDSs with clients, the perceived usefulness of PDSs as an information source, and their views on shorter PDSs. Our findings highlight major concerns about the usefulness of the PDS and disclosure reforms.

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**An evaluation of regulated and  
non-IFRS firm performance  
measures**

BRETT GOVENDIR and  
PETER WELLS

This paper provides empirical evidence on the relative ability of regulated earnings and alternative non-IFRS performance measures to capture firm performance. It also evaluates the appropriateness of the regulatory response to the increasing incidence of non-IFRS performance measures. Our findings suggest that there is no single superior performance measure to regulated earnings and that ASIC's response to the growing incidence of non-IFRS performance measures, RG230, and allowing firms to make such disclosures, was most likely appropriate.

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**The rise of mobile money:  
Regulatory issues for Australia**

JONATHAN GREENACRE

As the use of mobile money continues to grow around the world, this paper examines several key lessons on mobile money regulation from emerging markets that are relevant to developed countries such as Australia. The paper also demonstrates the regulatory impact of the differences between mobile money and banking, focusing on prudential regulation and AML rules.

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**What explains the market  
reaction to divestiture  
announcements?**

JUSTIN R LAL, PASCAL NGUYEN  
and NAHID RAHMAN

We show that announcements of divestitures by Australian firms induce a significant increase in shareholder value. While the extent of the market reaction depends on the relative size of the divested asset, high leverage and poor operating performance do not appear to generate higher returns. The application of quantile regressions reveals a high degree of asymmetry in the market reaction. We also find that increased focus through the divestiture of non-core assets is no longer associated with higher returns.

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## **Forecasting extreme performance: The experience with Australian equities**

SAZALI ABIDIN, RON BIRD and DANNY YEUNG

Over any 12-month period, there is an enormous difference between the returns realised from investing in the best- and worst-performing stocks. We investigate the characteristics of these stocks and find that they share several features: extreme performers tend to be small companies that have volatile share prices and spend significant amounts of money on research and development. Accounting variables tend to be useful in separating out the best and worst performers; the latter also tend to be smaller companies which have lower share prices.

### **Papers from the AIST/ACFS Superannuation Research Forum**

Finsia acknowledges the contribution of the papers from the AIST/ACFS Superannuation Research Forum to this issue of *JASSA*. The forum was held in November 2012 by the Australian Centre for Financial Studies.

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## **Introduction to the Research Forum Papers**

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## **Work, money, lifestyle: Plans of Australian retirees**

JULIE AGNEW, HAZEL BATEMAN and SUSAN THORP

Existing research shows that adjustment to retirement is correlated with pre-retirement planning. This study presents new insights into the retirement preparedness of Australians at the later stages of working life. Recent surveys of those approaching and entering retirement show that the extent of planning around exiting the workforce, financial management, bequest provision and activities during retirement vary greatly. We find that more than half of Australians in their 50s and 60s have not planned key aspects of retirement.

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## **Superannuation knowledge and plan behaviour**

JULIE AGNEW, HAZEL BATEMAN and SUSAN THORP

This paper presents new evidence from a national survey which indicates that working age Australians often are ill-informed about many important features of the superannuation system, and the results from regression analysis suggest a relationship between superannuation knowledge and savings behaviour. The results provide motivation for further research in the area and suggest more can be done to educate individuals about the superannuation system.

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## **The time diversification puzzle: Why trustees should care**

ROBERT J BIANCHI F Fin, MICHAEL E DREW SF Fin and ADAM N WALKER F Fin

For 50 years, the time diversification debate has sought to understand the essential relationship between risk and investment horizon with little resolution. The answer seems to depend in part on how one views risk. This paper seeks to show that while the time diversification puzzle remains unsolved, the debate itself provides timely food for thought for trustees in setting fund investment policy and for designing defaults, in particular.

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## **Superannuation and the cost of insurance**

KEVIN LIU and BRUCE R ARNOLD

We compare the premiums paid by members of superannuation funds to the benefits received, and investigate whether the 'relatedness' of the trustee and insurance provider has an impact on members' net insurance costs. We find that, when the trust deed establishing the superannuation fund required the trustee to use a related insurance provider, fund members tended to obtain greater insurance coverage and at a higher net cost.