

The Portfolio Service Retirement Fund

ABN 92 861 884 632

Super Essentials
Superannuation Plan
Retirement Income Plan
Term Allocated Pension (closed)

Annual report 2012/13 Reporting period from 1 July 2012 to 30 June 2013

Part of the IOOF group

Issued by Questor Financial Services Limited ABN 33 078 662 718 AFSL No 240829 (Questor), as Trustee of The Portfolio Service Retirement Fund.

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Important information

The information in this report is general information only and does not take into account your financial circumstances, needs and objectives. Before making any decision based on this report, you should assess your own circumstances or seek advice from a financial adviser. You should obtain and consider a copy of the Product Disclosure Statement (PDS) available from us or your financial planner before you acquire a financial product. The information is given in good faith and is believed to be accurate and reliable at the time of publication. Questor provides no assurance that The Portfolio Service Retirement Fund will continue to be available in the future.

Report to members

Dear Member

I am pleased to present The Portfolio Service Retirement Fund (the Fund) annual report for the year ended 30 June 2013.

Questor has prepared this annual report in its capacity as the Trustee of the Fund.

The Fund commenced operation on 10 December 1992 and, as at 30 June 2013, had total funds under management of \$4.89 billion on behalf of 37,191 members.

We will continue to provide you with high quality customer service and look forward to updating you on any future improvements to the Fund.



Christopher F Kelaher
Managing Director
Questor Financial Services Limited
as Trustee of The Portfolio Service Retirement Fund

Government reforms in superannuation

Changes and new developments in superannuation

Minimum annual payments for account based pensions

In recent years, the Government has provided relief from the minimum drawdown percentages for account based pensions, in recognition of the impact of the Global Financial Crisis.

For the 2013/14 financial year and later years, the minimum percentages revert to the standard rates as follows:

Age	Minimum annual pension payment as a percentage of account balance (%)
Under 65	4.00
65 -74	5.00
75-79	6.00
80-84	7.00
85-89	9.00
90-94	11.00
95 and over	14.00

Standard payment factors are also used for term allocated pensions, instead of the reduced amounts which applied from the 2008/09 financial year until the 2012/13 year.

SuperStream

SuperStream is a package of reforms which will make the superannuation system easier to use and ultimately reduce costs - benefiting funds, members and employers.

Broadly, SuperStream involves moving the superannuation industry from paper-based processing to mandatory electronic transactions. Transferring superannuation savings between funds, for example, will be completed by transferring data and money electronically. In addition, the Australian Tax Office (ATO) will verify fund data and member identity, thus eliminating the need for members to provide certified copies of documents to the fund as proof of identity. Individuals can also use the ATO online portal SuperSeeker to request a full rollover of benefits from one fund to another, either by using the paper forms or the electronic portability form.

All Australian Prudential Regulation Authority (APRA) regulated funds will comply with these requirements by 1 January 2014.

All large and medium employers are expected to start sending contributions in a standard electronic format by 1 July 2014, and all small employers are expected to implement this standard by 1 July 2015. The new standard will remove the need to submit this information to separate funds in different paper formats. Contributions will be allocated to member accounts more quickly using this electronic process.

APRA levy

Commonwealth costs associated with the implementation of the SuperStream measures will be paid for by an increase to the existing APRA levy imposed on APRA regulated funds. The levy will collect a total of \$467 million from funds between 2012/13 and 2017/18.

The APRA levy will be adjusted each year based on the applicable rate determined by the Government, the number of members in the Fund and the total assets of the Fund.

Your account is subject to an expense recovery fee which is capped. The levy is not considered to be a recoverable expense since it is applied as a Government charge.

The APRA levy amount payable by members for the 2012/13 financial year and deducted from members' accounts on 13 December 2012 was \$41.66. This fee was deducted on a flat fee basis from all members' accounts in the Fund, regardless of their account balance.

The levy amount payable for the 2013/14 financial year will be disclosed in our product information update section on our website (www.theportfolioservice.com.au).

MySuper

MySuper is a low-cost, default superannuation investment option that is made up of a single, diversified strategy and a basic default insurance benefit. From 1 January 2014, members who have not selected an investment option, or have selected a default investment option will have their future contributions paid into MySuper.

Any existing investments in the trustee or employer default investment option will transition into MySuper prior to 1 July 2017.

Fees

Since 1 July 2013, general fee rules have applied to all APRA regulated superannuation funds. These new rules are:

- a prohibition on entry fees
- the cost of financial product advice (other than intra-fund advice) is charged to the member as an advice fee
- all fees (other than administration fees and investment fees) may only be charged on a cost recovery basis.

As a result, you may see changes to the fee names on your member statements in the future.

Website information

Legislative and regulatory changes mean that certain information must be made publicly available on each fund's website. This may include information relating to the investment performance of each investment option (including the MySuper option) and the fees and costs relating to each option. It may also include information about the trustees or directors of the trustee board and various documents relating to the fund, such as the trust deed.

Member benefit protection

The member benefit protection rules required funds to protect account balances under \$1,000 by reducing or waiving fees in certain circumstances. These rules were repealed on 1 July 2013 so that all fees will be applied in full for the 2013/14 financial year and later years.

Increased tax on concessional contributions for very high income earners

In broad terms, individuals with income above \$300,000 per annum will pay an additional 15 per cent on concessional contributions made on or after 1 July 2012. The ATO will calculate the liability and issue a notice of assessment and a release authority so that the amount of the assessment can be released from the individual's super fund to make the payment to the ATO.

There is a specific definition of 'income' for these purposes and the calculations to determine an individual's tax liability are very complex.

Concessional contributions cap

The concessional contributions cap is the limit on the amount of concessional contributions you can make each year before you pay extra tax.

The concessional contributions cap for most individuals for the 2013/14 financial year is \$25,000. However, from 1 July 2013, if you are 59 years old or over on 30 June 2013, the cap increases from \$25,000 to \$35,000.

From 1 July 2014, the higher \$35,000 cap will also apply to individuals who are 49 years or older on 30 June 2014.

Exceeding the concessional contributions cap

If your contributions in the 2012/13 financial year exceeded the cap by no more than \$10,000, you may be able to have your excess contributions refunded and assessed at your marginal tax rate, instead of being taxed at a total of 46.5 per cent.

Contributions which exceed the relevant cap in the 2013/14 financial year and later years will be included in your assessable income and taxed at your marginal tax rate. You will also be liable for an excess concessional contributions charge. To take into account the 15 per cent tax paid by your fund on the excess contributions, you will receive a non-refundable tax offset equal to the amount of tax paid. You can also elect to have your excess concessional contributions released from your superannuation fund which will result on those amounts not being counted towards your non-concessional contributions cap.

The taxation rules relating to concessional and non-concessional contributions caps are complex and change from time to time.

Increase in Superannuation Guarantee rate

The rate of Superannuation Guarantee (SG) contributions will increase gradually between 1 July 2013 and 1 July 2019. The following table shows the rate for each year from the 2013/14 financial year.

Financial year	Rate (%)
2013/14	9.25
2014/15	9.50
2015/16	10.00
2016/17	10.50
2017/18	11.00
2018/19	11.50
2019/20	12.00

Trans-Tasman retirement savings portability

From 1 July 2013 it is possible to transfer superannuation benefits between Australian APRA-regulated funds and New Zealand KiwiSaver schemes. The Trustee is now able to transfer member benefits to a KiwiSaver scheme if a member has left Australia and permanently emigrated to New Zealand. It is not compulsory for members to move their benefits. A form is available from the relevant client services team for members wishing to use this facility.

The Trustee is unable at this stage to accept benefits from a KiwiSaver scheme in respect of individuals who have migrated to Australia from New Zealand.

Intra-fund consolidation

The intra-fund consolidation measures were deferred for the 2012/13 financial year and will now apply from 1 July 2013. Trustees are required to identify members with multiple superannuation accounts within the fund and consolidate those accounts where it is in the best interests of the members to do so. This consolidation is required on an annual basis, with the first consolidation occurring before 1 July 2014.

Auto-consolidation (inter-fund consolidation)

The proposals to allow auto-consolidation of members' lost and inactive low balance accounts with their active accounts has been deferred to an unspecified date in the future.

Unclaimed superannuation money

From 31 December 2012, small lost accounts with balances of less than \$2,000 (previously \$200) and accounts of unidentifiable members that have been inactive for 12 months were required to be paid to the ATO as unclaimed money.

From 1 July 2013, interest calculated in accordance with the consumer price index, will be paid at the time the money is claimed from the ATO.

Superannuation co-contributions

Reductions apply to the co-contributions scheme, for personal contributions made from 1 July 2012. These reductions in the matching rate and upper threshold, are shown in the following table:

Year in which contributions made	Maximum entitlement	Matching rate (%)	Lower income threshold	Upper income threshold
2011/12	\$1,000	100	\$31,920	\$61,920
2012/13	\$500	50	\$31,920	\$46,920
2013/14	\$500	50	\$33,516	\$48,516

Removal of upper age limit for SG contributions

From 1 July 2013, the upper age limit (previously age 70) for SG contributions is removed. This means that if you are still working, your employer will continue to be required to make SG contributions, regardless of your age.

Payslip reporting of superannuation contributions

Government proposals to require employers to report on payslips when the actual superannuation contributions were made for an employee have been delayed until further notice.

ATO online portal (SuperSeeker)

The ATO has upgraded its SuperSeeker website so that it is now part of an individual's online portal. Individuals can view all the super data the ATO holds for them, as well as other tax information. Currently individuals can view on SuperSeeker:

- Accounts that have received contributions within the last two years
- Lost super
- ATO held super – including unclaimed super money, SG paid to the ATO, Government co-contributions.

From 1 January 2014 new information will be available:

- Information about contributions and balances for all superannuation accounts, including defined benefits, pensions, and accounts that have not received contributions.
- Whether the account has insurance cover.

Operational Risk Financial Reserve

Under legislative requirements applying from 1 July 2013, trustees are required to maintain adequate financial resources to address losses arising from operational risk. Trustees must determine the target amount to be set aside for these purposes, based on guidelines provided by APRA. The target amount must be achieved by the end of a 3 year period. The Trustee has determined that in order to reach its target for the Fund, an amount up to 0.083 per cent of each member's balance will be deducted annually during the 2013/14 year and the following two financial years. Should an operational risk event occur post 1 July 2013, additional deductions against each member's balance may be required to restore the Operational Risk Financial Reserve back to the target amount.

Changes to the Fund

Changes to the Trust Deed

The Trust Deed of the Fund was amended to ensure the Fund complies with the Future of Financial Advice (FoFA) reforms. The amendments confer power on Questor to classify payments made to a third party at the direction of the member as an expense. The amendments also permit the Trustee to charge the new Member Advice Fee.

New fee terminology

To align the names of fees across the group we introduced new names for our advice fees during the year. For our superannuation and pension products the advice fees are now referred to as 'member advice fees'.

The new range of fees replaces the 'implementation fee' and 'adviser service fee' and is as follows (fees are inclusive of GST and RITC):

Fee name	Amount
Member Advice Fee - Upfront	Up to 4.0 per cent
Member Advice Fee - Transaction	Up to 4.0 per cent
Member Advice Fee - Transfer	Up to 4.0 per cent
Member Advice Fee - Ongoing	Superannuation Plan and Retirement Income Fund and Personal Investment Plan - Up to 2.225 per cent per annum of the account balance Super Essentials - Up to 1.25 per cent per annum of the account balance
Member Advice Fee - One-Off	Up to \$10,250 per request

Change of product name

From 1 May 2013, The Super Plus product was renamed The Superannuation Plan.

Removal of advice fee restriction on Super Essentials

The structure of the advice fee on Super Essentials has been restructured to enable a percentage-based fee up to 1.25 per cent to be charged regardless of the account balance. We unwound the existing balance based tiered structure.

Removal of default investment on Super Essentials

The default fund, Vanguard Wholesale Balanced Index Fund has now been removed. If no investment choice is selected or the investment choice is incomplete, not discernible or invalid the monies will be placed into the cash management account.

New disclosure documents and structure

To meet new FoFA rules, Questor issued new PDSs dated 13 May 2013 for Super Essentials, Superannuation Plan and Retirement Income Plan and now have some elements of information separated from the PDS into three separate guides. All the essential information is contained in one core document being the PDS but the more specialised information (referenced in the PDS) is made available in the three guides being:

- General reference guide - TPS.01
- Investment guide - TPS.02
- Insurance guide - TPS.03

New form booklets

We have separated the application form out of the PDSs into a 'forms booklet'.

Changes to the list of managed investments during the 2012/13 financial year

The following managed investment options were added to the 'List of investment strategies':

- Legg Mason Global Multi-Sector Bond Fund
- Legg Mason Brandywine Global Opportunistic Fixed Income Trust
- PIMCO Global Credit Fund
- Regal Australian Long/Short Equity Fund
- Solaris Core Australian Equity Fund (Performance Aligned)
- Platinum International Brands Fund
- Plato Australian Shares Income Fund
- Magellan Infrastructure Fund
- Antares Elite Opportunities Fund
- Aberdeen International Fund
- Aberdeen Fully Hedged International Fund
- Perpetual Share-Plus Long Short Fund

The following managed investment options were removed from the 'List of investment strategies':

- Hunter Hall Global Ethical Trust
- Hunter Hall Global Ethical Trust (hedged)
- Hunter Hall Value Growth Trust (hedged)
- Macquarie High Conviction Fund
- Perpetual Wholesale Global Resources Fund Class B
- Perpetual Wholesale Property Income Fund

Investment option withdrawal provisions

Access to your monies invested in some funds is limited to the withdrawal provisions imposed by the investment manager. If you are invested in an investment option that is subject to withdrawal provisions, you can find up-to-date information in the withdrawal schedule available in the downloads section of The Portfolio Service website (www.theportfolioservice.com.au).

Investment strategies and objectives

Super Essentials, Superannuation Plan, Retirement Income Plan and Term Allocated Pension (closed)

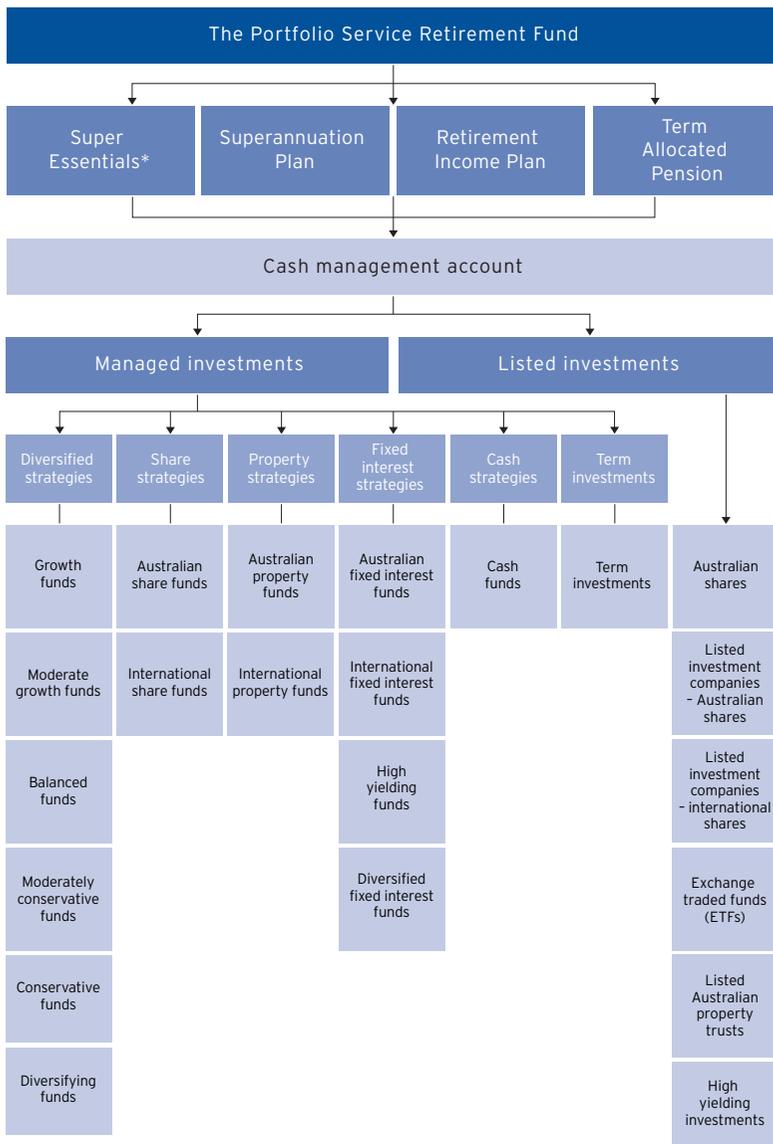
The Trustee offers an extensive range of investment options, including managed and listed investments, as set out in the current list of investment strategies (LIS). A copy of the current LIS must be read in conjunction with the PDS for the relevant plan. A PDS or investment report is available for each investment option on the current LIS.

The investment objective for each investment strategy offered by the Fund is outlined on pages 14 to 19 of this annual report. We have provided indicative asset allocations and indicative investment performance numbers for the last five financial years (where applicable) for each of these investment strategies.

Information on the actual asset allocation and investment performance for the investment options in your investment portfolio is available, free of charge, from your financial planner.

These plans do not use derivatives, however, some of the underlying investment options may. For further information, please refer to the PDS or the investment report for the relevant investment option.

Investment strategies



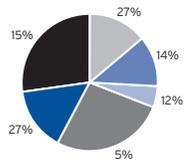
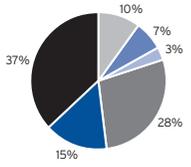
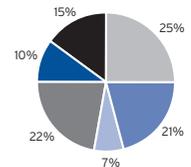
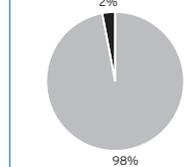
* Please note that Super Essentials offers only a limited range of listed investments such as some ETFs.

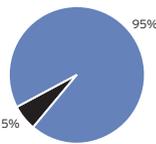
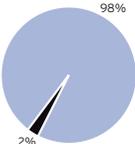
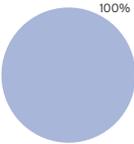
Investment options

	Managed investments options		
	Diversified strategies		
	Growth funds	Moderate growth funds	Balanced funds
Investment objective	To achieve higher returns than balanced options over the long term by investing in a diversified portfolio with an emphasis on growth assets.	To achieve higher returns than balanced and conservative options over the medium to long term by investing in a broadly diversified portfolio across both growth and defensive assets.	To achieve higher returns than conservative options over the medium to long term by investing in a broadly diversified portfolio across both growth and income assets.
Indicative asset allocation¹			
Indicative investment performance² (%)			
2012/13	20.42	16.94	13.03
2011/12	-3.45	-0.99	1.17
2010/11	10.37	8.04	7.88
2009/10	11.70	10.59	10.35
2008/09	-19.18	-13.93	-9.98
5 year annualised return² (%)	2.99	3.55	4.15

The table outlines the general characteristics of the investment strategies. You choose investment options from within these strategies. The details of a particular investment option may vary from the information above. You should read all relevant information for an investment option before investing.

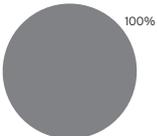
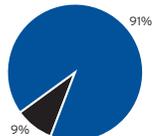
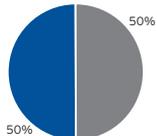
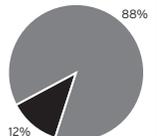
The notes to the tables are on page 20.

			Share strategies
Moderately conservative funds	Conservative funds	Diversifying funds	Australian share funds
<p>To achieve a return higher than that of cash and other short term fixed interest securities through a diversified portfolio which favours less volatile assets. There is potential for some capital growth from the small component of shares and property securities.</p>	<p>To achieve returns above the cash rate by investing in a range of growth and income assets, while providing a measure of protection for the capital value of investments.</p>	<p>To achieve moderate returns over the medium to long-term with low correlation to traditional assets by investing in a range of alternative investment options operated by professional investment managers.</p>	<p>To achieve high returns over the long term by investing in a variety of Australian companies.</p>
			
<p>9.13 3.80 6.59 9.12 -4.54</p>	<p>6.82 4.91 5.92 8.34 -0.51</p>	<p>13.03 1.17 7.88 10.35 -9.98</p>	<p>22.30 -7.81 10.52 11.71 -18.60</p>
<p>4.69</p>	<p>5.05</p>	<p>4.15</p>	<p>2.53</p>

Managed investments options (continued)			
	Share strategies	Property strategies	
	International share funds	Australian property funds	International property funds
Investment objective	To achieve high returns over the longer term from a portfolio of international shares.	To provide a moderately high return over time through investment in a range of property securities.	To provide a moderately high return over time through investment in a range of international property securities.
Indicative asset allocation¹			
<ul style="list-style-type: none"> ■ Australian shares ■ International shares ■ Property ■ Australian fixed interest ■ International fixed interest ■ Cash ■ Alternative investments 			
Indicative investment performance² (%)			
2012/13	32.02	22.52	16.26
2011/12	-3.03	9.89	4.50
2010/11	2.77	5.77	26.60
2009/10	6.54	18.20	30.46
2008/09	-18.17	-39.71	-41.69
5 year annualised return² (%)	2.78	0.30	3.19

The table outlines the general characteristics of the investment strategies. You choose investment options from within these strategies. The details of a particular investment option may vary from the information above. You should read all relevant information for an investment option before investing.

The notes to the tables are on page 20.

Fixed interest strategies				Cash strategies	Term investments
Australian fixed interest funds	International fixed interest funds	Diversified fixed interest funds	High yielding funds	Cash funds	Term investments
To achieve a return higher than cash over the medium term by investing in Australian fixed interest securities.	To achieve a return higher than cash by investing in international fixed interest investments over the medium term.	To achieve a return higher than cash over the medium term by investing in a diversified range of fixed interest securities.	To achieve a higher return than securities issued by governments and banks.	To provide interest income at a rate higher than that of an 'at call' bank account with a high level of capital security.	To provide a known rate of interest income for a term ranging from six months up to five years with a high level of capital security.
					
3.09 10.68 5.64 9.41 8.82	5.23 9.34 6.73 13.81 6.37	8.58 3.78 9.89 14.65 -9.74	6.48 6.07 12.07 17.44 -7.15	3.10 4.27 4.50 3.41 4.82	4.17 5.18 6.04 5.45 4.57
7.49	8.25	5.09	6.66	4.02	5.08

	Listed investments*		
	Australian shares	Listed investment companies – Australian shares	Listed investment companies – international shares
Investment objective	To achieve high returns over the long term by investing in Australian companies.	To achieve high returns over the long term from a portfolio of shares in a variety of Australian companies.	To achieve high returns over the longer term from a portfolio of international shares.
Indicative asset allocation¹			
Indicative investment performance² (%)			
2012/13	21.90	21.90	33.10
2011/12	-7.01	-7.01	-0.50
2010/11	11.90	11.90	2.66
2009/10	13.05	13.05	5.22
2008/09	-20.34	-20.34	-16.24
5 year annualised return² (%)	2.70	2.70	3.68

The table outlines the general characteristics of the investment strategies. You choose investment options from within these strategies. The details of a particular investment option may vary from the information above. You should read all relevant information for an investment option before investing.

The notes to the tables are on page 20.

* Super Essentials only offers a limited range of listed investments such as ETFs.

ETFs	Listed Australian property trusts	High yielding investments
To achieve returns in line with market indices.	To provide a moderately high return over time through investment in a range of listed property trusts.	To achieve a return above that of securities issued by Australian governments and banks.
Not applicable.	 <p>100%</p>	 <p>100%</p>
Not applicable ³ .	<p>23.98</p> <p>10.98</p> <p>5.87</p> <p>20.34</p> <p>-42.11</p>	<p>6.48</p> <p>6.07</p> <p>12.07</p> <p>17.44</p> <p>-7.15</p>
Not applicable ³ .	0.29	6.66

Notes to pages 14 to 19

- 1 Please note the figures shown are a guideline for the investment strategies offered through the Fund as at 30 June 2013. This indicative asset allocation does not represent the actual asset allocation for a particular investment strategy or option chosen by a member but is the representative asset allocation derived from the representative sector funds in that risk profile.
- 2 Please note the indicative investment performance is sourced from Morningstar using the benchmarks listed in the following table. The figures shown are a guideline only for the investment strategies offered through the Fund as at 30 June 2013. Performance figures are indicative only and do not represent the actual performance for a particular investment option. The Trustee does not guarantee the investment performance of any investment strategy or option or the return of capital or income. Past performance is not a reliable indicator of future performance.
- 3 ETFs should be expected to perform inline with the underlying investment market it is exposed to. The ETFs benchmarks are as follows:

Name	Benchmark
Australian Fixed Interest Funds	Australia OE Bonds - Australia
Australian Property Funds	Australia OE Equity Australia Real Estate
Australian Share Funds	Australia OE Equity Australia Large Blend
Balanced Funds/Diversifying Funds	Australia OE Multisector Balanced
Cash Funds	Australia OE Australian Cash
Conservative Funds	Australia OE Multisector Conservative
Diversified Fixed Interest Funds	Australia OE Diversified Credit
Growth Funds	Australia OE Multisector Aggressive
Higher Yielding Funds	Australia OE High Yield Credit
International Fixed Interest Funds	Australia OE Bonds - Global
International Property Funds	Australia OE Equity Global Real Estate
International Shares Funds	Australia OE Equity World Large Blend
Listed Australian Property Trusts	S&P/ASX 300 A-REIT TR
Listed Australian Shares	S&P/ASX 300 TR
Listed Investment Companies - Australian Shares	S&P/ASX 300 TR
Listed Investment Companies - International Shares	MSCI World Ex Australia NR AUD
Moderate Growth Funds	Australia OE Multisector Growth
Moderately Conservative Funds	Australia OE Multisector Moderate
Term Investments	Sourced from RBA

Additional information

How is your income distributed?

Income such as dividends, distributions and interest that you earn from your investment options is automatically invested into your cash management account.

However, if you are a member of Superannuation Plan or Super Essentials, you can choose to have your income automatically reinvested in the same investment option (where available). Investment options available for reinvestment are identified on the list of investment strategies.

Remember that the reinvestment of your distributions can occur before you receive a revised product disclosure statement for the relevant managed investment. We recommend you discuss the reinvestment options with your financial planner.

To change the income distribution for your investment options, please notify us in writing, allowing 10 business days for your request to be implemented.

Calculation of insurance benefits

The benefit calculation for members who, during the reporting period, elected to take death cover through the Fund was:

- Total accumulated benefit + any insured death benefit = total death benefit.

The benefit calculation for members who, during the reporting period, elected to take total and permanent disablement cover through the Fund was:

- Accumulated benefit + any insured total and permanent disablement benefit = total and permanent disablement benefit.

Complying fund

The Fund is a complying superannuation fund and consequently qualifies for concessional tax rates. To be a complying fund, the Fund must comply with the *Superannuation Industry (Supervision) Act 1993*, lodge an annual return with the APRA and receive a 'Compliance Notice' from APRA.

The Fund has continued as a complying superannuation fund for each of the years that it has been required to file an annual return. The Fund has lodged an annual return for the 2012/13 financial year and expects to continue as a complying superannuation fund.

Allocation of fees

Please refer to your annual statement and new member statement for details of the fees and charges that apply to your membership.

About Questor Financial Services Limited

Questor is the Trustee of the Fund and is responsible for the management, research and administration of over \$6 billion in Australia. Questor is part of the IOOF group, which has over \$124.7 billion in funds under management, administration, advice and supervision as at 30 June 2013.

Superannuation contribution surcharge

The superannuation contributions surcharge was levied on surchargeable contributions and was based on the individual member's adjusted taxable income. Although it was abolished on 1 July 2005, members may have an outstanding liability in respect of previous periods. The liability for the superannuation contributions surcharge is recognised when the assessment is received and will be debited from your cash management account.

Trustee

Questor Financial Services Limited was granted approved trustee status on 28 March 1994 and appointed as Trustee of the Fund on 1 July 1994. Questor Financial Services Limited was granted a Registrable Superannuation Entity Licence on 28 March 2006.

The contact details of the Trustee are:

Questor Financial Services Limited
Locked Bag 4004
Queen Victoria Building NSW 1230

Telephone 1800 221 151
Facsimile 1800 000 948

Indemnity insurance

We maintain professional indemnity insurance as required by APRA.

Lost members

If at least one written communication is returned to us from your last known address, we may classify you as a lost member.

If you become a lost member and:

- your account balance is less than \$2,000, or
- your account has been inactive for a period of five years,

we are required to report and transfer the monies in your account to the ATO as unclaimed super.

For other lost members, we may transfer your benefits to an eligible rollover fund. The fund currently used is the SMF Eligible Rollover Fund.

If we are able to locate you prior to transferring your benefits to the SMF Eligible Rollover Fund, you will cease to be a lost member and will remain in the Fund. If benefits are transferred to the SMF Eligible Rollover Fund, you will cease to be entitled to any benefit from the Fund and the SMF Eligible Rollover Fund will be responsible for your benefit.

Their contact details are:

SMF Eligible Rollover Fund
GPO Box 529
Hobart TAS 7001
Freecall 1800 677 306

Enquiries and complaints

If you have any questions or a complaint please:

- contact your financial planner, or
- call Client Advisory Services on 1800 221 151, or
- notify us in writing.

Having done so, if you feel that the matter has not been dealt with adequately, please write to us at the following address:

Complaints Officer
The Portfolio Service
Locked Bag 4004
Queen Victoria Building NSW 1230

We will acknowledge receipt of a complaint within two business days of receiving your letter.

We will endeavour to resolve the situation within 28 days of receiving your letter, however, some matters are more complex and can take longer to resolve. If that is the case, we will keep you informed of our progress.

If you have complained to us and your complaint has not been resolved to your satisfaction within 90 days you can contact the Superannuation Complaints Tribunal (SCT), an independent complaints handling body. The SCT will then advise whether or not they can help you.

You can call them on 1300 884 114 or you can write to them at:

Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001

Abridged financial statements

Set out below are the abridged financial statements detailing the Fund's financial transactions for the year ending 30 June 2013. All members have the right to request the full audited Fund financial statements and related audit report for the year. Members will be supplied with a copy of these financial statements on request or the financial statements may be viewed by appointment at the office of the Trustee during normal business hours. If you have any enquiries in relation to the audited Fund financial statements, please contact the Trustee. The Auditor has issued an unqualified opinion in respect of the financial statements.

Extract of accounts for the year ended 30 June	2013 (\$'000)	2012 (\$'000)
REVENUE		
Investment income	708,776	125,710
Sundry income	2,775	1,842
Employer contributions	45,745	57,438
Member contributions	166,387	162,516
Co-Contributions	866	1,106
Transfers from other funds	292,286	302,210
TOTAL REVENUE	1,216,835	650,822
EXPENSES		
Benefits paid	554,455	520,701
Management fees	87,341	80,760
General administration expenses	1,600	12
Group life and salary continuance premiums	1,928	2,263
Income tax expense	25,116	(51,977)
TOTAL EXPENSES	670,440	551,759
Increase in Members' Funds	546,395	99,063
Balance brought forward	4,994,757	4,895,694
MEMBERS' FUNDS	5,541,152	4,994,757

Extract of accounts
for the year ended 30 June

2013
(\$'000)

2012
(\$'000)

Represented by

ASSETS

Investments	4,607,895	3,978,889
Cash and cash equivalents	844,566	888,543
Sundry debtors	50,221	56,830
Current tax assets	24,031	18,741
Deferred tax asset	16,033	63,896

TOTAL ASSETS

5,542,746

5,006,899

LIABILITIES

Creditors and accruals	1,594	12,142
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TOTAL LIABILITIES

1,594

12,142

NET ASSETS

5,541,152

4,994,757

MEMBERS' FUNDS

5,541,152

4,994,757

Reserves

Reserves represent timing differences between net revenue and taxes in the operating statement and amounts allocated to members' accounts. These amounts may be allocated to members in future years in a fair and equitable basis. Reserves are retained in cash and cash equivalents.

The reserve levels for the past two years are as follows:

Reserves	2013 (\$'000)	2012 (\$'000)
Opening balance	593	65
Transfer (from)/to to reserves	59	528
Closing balance	652	593

Concentration of assets of the Fund

The Trustee advises that, to the best of its knowledge, at 30 June 2013:

- The IOOF Cash Management Fund has a value of more than five per cent of the total assets of the Fund; and

The Trustee acknowledges that, as a result of the discretion which can be exercised by account holders, individual accounts may have a greater than five per cent exposure to a single investment.

Further, the Trustee acknowledges that when considered in aggregate (across all managed fund options in which the Trustee holds assets on behalf of members of the Fund), the Fund may be construed as having a total exposure to a single shareholding (or to a composite interest in the investment assets of a single issuer) and this exposure may exceed five per cent of the total value of Fund assets.

Derivatives

Derivatives may be used in accordance with the investment strategy and objectives of the Fund and at the investment option level in order to:

- to protect the investment from upward or downward movements in rates or prices through hedging
- protect funds from the range of market risks
- change the overall asset allocation in a timely manner without exposure to the timing and liquidity constraints or higher transaction costs associated with the physical market
- permit ongoing management of funds invested during periods of uncertainty where liquidity is not available in the physical market
- minimisation of transaction costs associated with spread on physical market transactions
- facilitating switching between asset classes or as an alternative to physical investment

Derivatives will not be used to gear funds, for speculative purposes or trading.

The investment managers of the underlying funds which members elect to invest in may use derivatives such as options, futures, swaps. The Trustee has controls and procedures in place relating to the investment managers' derivative use in order to ensure that it is suitable to the Trustee's and its members' own investment strategies and objectives.

