

# The Portfolio Service Retirement Fund

ABN 92 861 884 632

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

Annual report 2014/15 Reporting period from 1 July 2014 to 30 June 2015

Part of the IOOF group

Issued by Questor Financial Services Limited ABN 33 078 662 718 AFSL 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 planner. 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 2015.

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 2015, had total funds under management of \$6.36 billion on behalf of 35,241 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

\* At as 30 June 2015

# Government reforms in superannuation

## Changes and developments in superannuation

### Terminal illness condition of release

From 1 July 2015 super benefits can be cashed tax free on terminal illness if two doctors certify that the member is suffering from illness or injury that is likely to result in death within two years. Prior to 1 July 2015, the certification period was one year.

Members with insurance should take note that the insurance policy definition has not changed, and terminal illness insurance will only be paid out if two doctors certify that the condition is likely to lead to death within one year. For members choosing to cash benefits under the new two year certification period, care should be taken to ensure sufficient funds remain to continue to pay premiums or risk losing valuable insurance.

### Refund of excess non-concessional contributions

New laws passed in March 2015 provide that non-concessional contributions that exceed the non-concessional contributions cap can be refunded and will no longer be subject to a penalty tax of 49%. The changes apply to contributions made during the 2013/14 tax year and beyond.

Under the changes the Australian Taxation Office (ATO) will assess the non-concessional contributions against the individual member's cap. If contributions exceed the cap, the ATO will issue a determination to the member setting out the excess amount plus 'associated earnings' (based on the ATO general interest charge rate). The member can elect within 60 days to withdraw from the fund the excess amount plus 85% of the associated earnings. The associated earnings will be included in assessable income with a 15% rebate to take into account earnings tax the super fund has already paid. If the member decides to leave the contributions in super, then 49% tax will apply to the excess.

## Superannuation thresholds for 2015/16

<b>Concessional contributions cap</b>	\$30,000 or \$35,000 if aged 49 or more on 30/6/2014
<b>Non-concessional contributions (NCC) cap</b>	\$180,000 or \$540,000 over 3 years if under age 65
<b>Superannuation Guarantee (SG) rate</b>	9.5%
<b>SG maximum contributions base</b>	\$50,810 salary per quarter or \$203,240 p.a. (up from \$49,430 per quarter in 2014/15)
<b>Preservation age</b> <ul style="list-style-type: none"> <li>➤ Benefits can be accessed on retirement</li> <li>➤ 0% tax on low rate threshold (below)</li> </ul>	Age 56 for those born 1 July 1960 - 30 June 1961 Age 55 for those born before 1 July 1960
<b>Low rate threshold</b> <ul style="list-style-type: none"> <li>➤ 0% tax from preservation age to age 59</li> </ul>	\$195,000 (up from \$185,000 in 2014/15)
<b>CGT cap amount</b> <ul style="list-style-type: none"> <li>➤ excluded from NCC cap</li> </ul>	\$1,395,000 (up from \$1,355,000 in 2014/15)
<b>Government co-contribution income</b>	Full co-contribution - \$35,454 p.a. or less (up from \$34,488 in 2014/15)  No co-contribution - \$50,454 p.a. or more (up from \$49,488 in 2014/15)

## Unclaimed money and small lost member's account threshold to rise from 31 December 2015

A Bill recently passed both houses of Parliament, and has received Royal Assent, which increases the threshold for superannuation unclaimed monies to be paid to the ATO<sup>1</sup>. The threshold for accounts to be transferred to the ATO increases from \$2,000 to \$4,000 from 31 December 2015 and then to \$6,000 from 31 December 2016.

The transfer applies to small lost member accounts and includes:

- Accounts where the member is uncontactable. That is the fund does not have the current address and no contribution has been received within the past 12 months.
- Inactive accounts where no contribution or rollover has been received within the last 5 years (unless specifically excluded).
- Accounts where the member was transferred to the fund 'lost'.

Members cease to be 'lost' if they have confirmed their details with the fund within the past 2 years. If a member's account is transferred to the ATO, the member can claim the money back from the ATO.

## ATO Developments: SuperStream and Single Touch Payroll

The SuperStream data and payment standards are new laws that require super funds and employers to provide data and payments (including rollovers and contributions) on a uniform electronic basis. The standards first applied to Australian Prudential Regulation Authority (APRA) funds in relation to rollovers, and since 2014 all APRA regulated super funds have been rolling over super benefits on this basis. For large employers (with 20 or more employees) the process to meet the requirements for contributions commenced on 1 July 2014 and these employers must be fully compliant with the standards by 31 October 2015.

For smaller employers (with less than 20 employees on 1 July 2014) the process to meet the standards in respect of contributions started 1 July 2015. These employers will be required to be fully compliant by 30 June 2016.

The Government is also considering 'Single Touch Payroll' which includes streamlining TFN declarations and Choice of Fund forms for new employees; and reporting PAYG

<sup>1</sup> Tax and Superannuation Amendment (2015 Measurers No 4) Bill was passed by both houses on 16 September 2015, and received Royal Assent on 13 October 2015.

withholding and superannuation contributions at the same time as paying wages. After feedback from small businesses, the Government has agreed that the actual payment of PAYG tax withholding and the payment of super contributions at the same time as wages would be voluntary. The ATO will commence pilot programs from July 2016.

## Changes to the Centrelink assets test

Legislation has also passed to significantly change the Centrelink assets test from 1 January 2017.

- The thresholds will increase to: \$250,000 for single homeowner; \$375,000 homeowner couple; \$450,000 non-homeowner single; and \$575,000 for non-homeowner couple; and
- The taper rate will double from \$1.50 to \$3.00 for every \$1,000 over the threshold. This will affect members who are currently receiving the part Age pension and may result in the pension being reduced or extinguished. Members who lose the age pension from 1 January 2017 will automatically be issued with a Commonwealth Seniors Health Card.

Superannuation accounts from age 65 and account-based pensions are assessed under the Centrelink assets test. Market-linked income streams generally have 50% of the account balance assessed under the Centrelink assets test.

# Changes to the Fund

## **Changes to the Trust Deed**

The Trust Deed for the Fund was not amended during the 2014/15 financial year.

A copy of the current Trust Deed is available to members upon request by calling our Client Advisory Services on 1800 221 151 or may be inspected by arrangement during business hours at the office of the Trustee.

## **Product disclosure statements**

Questor issued Supplementary PDSs and forms booklets on 1 July 2014 for:

TPS Superannuation Plan

TPS Super Essentials

TPS Retirement Income Plan

## **Guides**

Questor issued the following Guides on 1 July 2015:

General reference guide (TPS.01)

Insurance guide (TPS.03)



## Change of fee deduction frequency

On 1 April 2015, we changed the deduction frequency of the below fees from quarterly to monthly on members' accounts:

Fee	How and when paid
<b>Administration Fee</b> > All products	Instead of being deducted quarterly in arrears, this fee is now deducted monthly in arrears from the Cash Management Account.
<b>Account Keeping Fee</b> > Super Essentials	This fee has changed from \$24.00 per quarter to \$8 per month and is now deducted monthly in arrears from the Cash Management Account.
<b>Account Keeping Fee</b> > Superannuation Plan > Retirement Income Plan > Term Allocated Pension	This fee has changed from \$34.00 per quarter to \$11.33 per month and is now deducted monthly in arrears from the Cash Management Account.
<b>Member Advice Fee - Ongoing (if applicable to your account)</b>	Instead of being deducted quarterly in arrears, this fee is now deducted from the Cash Management Account at the end of each month.

It is important to note that the amount of fees that members pay has not changed; it's only the frequency of the deduction of the above fees that has changed.

## Introduction of BPAY<sup>2</sup> on The Portfolio Service (TPS)

BPAY was introduced on The Portfolio Service<sup>3</sup> in May 2015.

BPAY is a secure and convenient way to top up your TPS account(s) using the telephone and internet banking facilities of the relevant financial institution.

### Contributing via BPAY

To make contributions via BPAY members will need the relevant Biller Code in the table below and their Customer Reference Number (CRN).

Biller Code:	TPS Product:
969295	TPS Superannuation Plan TPS Super Essentials

Your unique CRN is available through:

- the member schedule sent to you when your account was opened (if your account was opened post 13 May 2015)
- your next annual statement
- your financial planner
- calling Client Advisory Services on 1800 221 151

If you have a superannuation account with TPS you will have four CRNs, allowing you to make personal, employer, super guarantee or spouse contributions.

It is important that you use the correct CRN as different tax treatments apply to different contribution types.

Any contribution made by BPAY will be automatically credited to your TPS Cash Management Account.

If your employer (if applicable) is making contributions to your TPS account, they may now do so via BPAY. Please provide your employer with a completed Super Choice Nomination form (available from our website [www.theportfolioservice.com.au](http://www.theportfolioservice.com.au)) and your BPAY details.

2 © Registered to BPAY Pty Ltd ABN 69 079 137 518

3 Excludes The Portfolio Service Retirement Income Plan and The Portfolio Service Term Allocated Pension.

## New choice of insurers

Effective 24 November 2014, we partnered with a panel of quality, independent retail insurers: AIA Australia - Priority Protection, TAL - Accelerated Protection and Zurich Insurance Group - Wealth Protection that will enhance the insurance offering through TPS Superannuation Plan and TPS Super Essentials.

The ability to add a retail insurance policy funded through the cash management account means you can customise cover to meet your needs.

The three types of insurance cover available to members are:

- Death cover
- Total and Permanent Disablement (TPD) cover
- Income Protection cover.

## Changes to group life insurance

Effective 1 July 2015 there were significant changes to the cost of group insurance cover issued by TAL Life Limited (TAL) and held through members' super accounts.

The changes were the result of significant increases in the number and dollar value of claims being paid out across the group life insurance industry and at TPS. This has had an impact on premiums and as such many companies reviewed their arrangements. At TPS, we worked very closely with our insurer to ensure that whilst insurance rates are increasing, members still have access to competitive rates, product definitions and features that will continue to meet members' insurance needs.

The Trustee wrote to all impacted members outlining the changes to sum insured values and annual premiums from 25 May 2015.

In addition, if an event occurs that results in an increase in a member's death, death and total & permanent disablement, or income protection cover (eg removal of commission, salary increase or 'Life Event') any increase in cover will be 'Limited Cover' if you are not 'At Work' on the date of the increase. Please refer to the Insurance Guide available on our website ([www.theportfolioservice.com.au](http://www.theportfolioservice.com.au)) for further information.

## **APRA levy**

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

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 APRA levy will collect a total of \$467 million from funds between July 2012 and June 2018. 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.

Each member's account is subject to an expense recovery fee which is capped. However, this levy is not considered to be a recoverable expense as it is applied as a Government charge.

The APRA levy for the 2014/15 financial year was \$23.43. This fee was deducted from each member's account on 2 December 2014. All members in the Fund were charged the same flat fee regardless of their account balance.

The levy amount payable for the 2015/16 financial year will be disclosed when known in our product information update section on our website ([www.theportfolioservice.com.au](http://www.theportfolioservice.com.au)).

## **Operational risk financial reserve**

Under legislative requirements that came into effect on 1 July 2013, trustees are required to maintain adequate financial resources to address losses arising from an operational risk event.

The operational risk financial reserve (ORFR) is in place to compensate beneficiaries for the direct financial losses arising as result of an operational risk event.

Trustees must determine the target amount to be set aside for these purposes, based on guidelines provided by APRA. The target amount of 0.25 per cent of the value of the assets of the Fund must be achieved by the end of a three year period. In order to reach the target amount for the Fund, an amount will be levied against each member's account and was deducted for the 2013/14 and 2014/15 year and will also be deducted for the next financial year.

Should an operational risk event occur post 1 July 2013, an increased levy may apply and will be deducted against each member's account to restore the ORFR back to the target amount.

We confirm the ORFR levy of 0.0290 per cent of each member's account balance, which was capped at \$75.00, was deducted on:

- 30 September 2014 for the September quarter of the 2014/15 financial year
- 31 December 2014 for the December quarter of the 2014/15 financial year
- 31 March 2015 for the March quarter of the 2014/15 financial year
- 30 June 2015 for the June quarter of the 2014/15 financial year

The TPS annual statements include the dollar amount of the ORFR levy which was deducted against each member's account for the 2014/15 year.

The ORFR levy will continue to be charged quarterly for the 2015/16 year.

## Changes to the list of managed investments during the 2014/15 financial year

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

- BT Balanced Equity Income Fund
- Challenger Guaranteed Income Fund – 4.85 cents p.a. 30 September 2018 (MV\$1)
- Challenger Guaranteed Income Fund – 4.55 cents p.a. 30 September 2017 (MV\$1)
- Franklin Global Growth Fund (W Class)
- Greencape Broadcap Fund – Class A
- Hyperion Australian Growth Companies Fund
- IFP Global Franchise Fund
- IFP Global Franchise Fund (Hedged)
- JPMorgan Global Strategic Bond Fund
- Lazard Global Small Cap Fund (W Class)
- Paradise Global Small Mid Cap Fund
- Perennial Value Wealth Defender Australian Shares Trust

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

- Celeste Australian Small Companies Fund
- Challenger Guaranteed Income Fund – 4.50 cents p.a. 30 June 2016 (MV\$1)
- Greencape Wholesale Broadcap Fund
- Regal Australian Long Short Equity 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 TPS website ([www.theportfolioservice.com.au](http://www.theportfolioservice.com.au)).

## **Investment strategies and objectives**

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

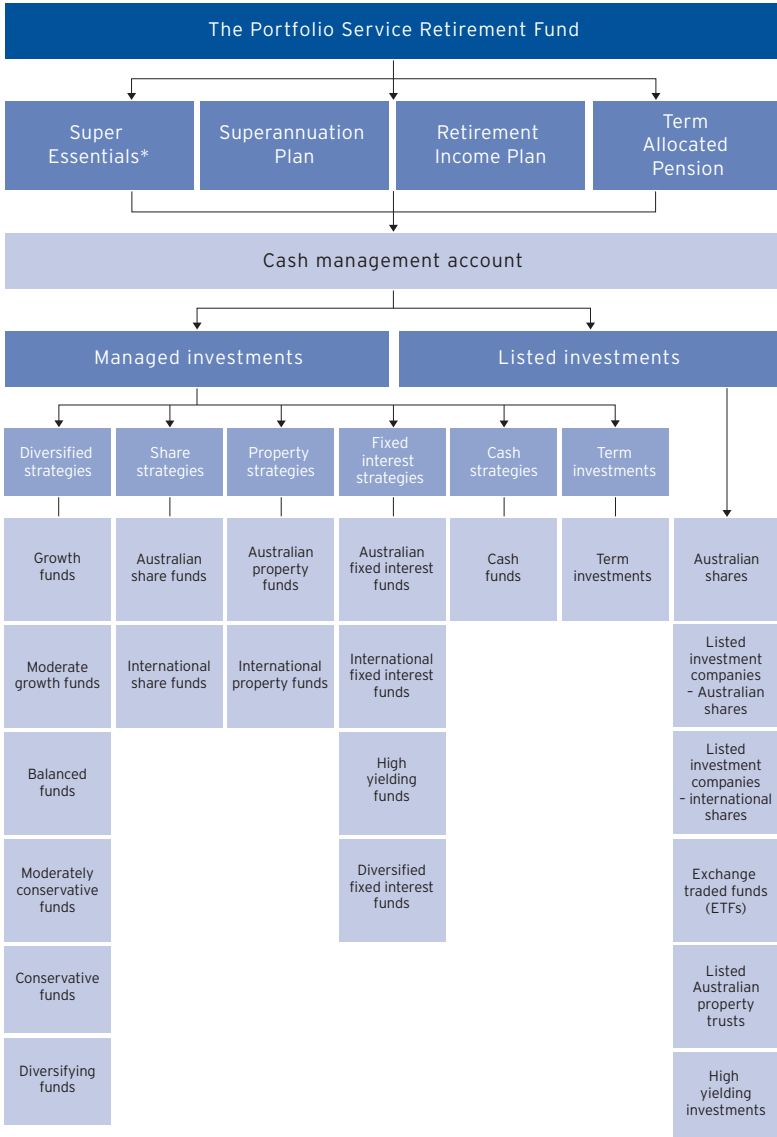
The Trustee offers an extensive range of investment options, including managed and listed investments, as set out in the current list of investment strategies (LIS). A copy of the current LIS must be read in conjunction with the PDS for the relevant plan. A PDS or investment report is available for each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

The investment objective for each investment strategy offered by the Fund is outlined on pages 15 to 20 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.

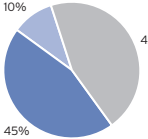
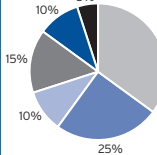
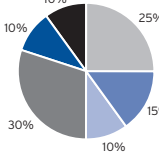
These plans do not use derivatives, however, some of the underlying investment options may. For further information, please refer to the PDS or the investment report for the relevant investment option.

# Investment strategies



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

## Investment options

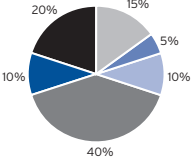
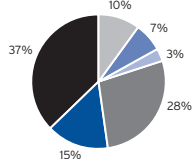
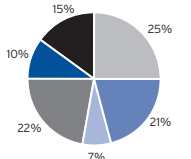

	Managed investments options		
	Diversified strategies		
	Growth funds	Moderate growth funds	Balanced funds
<b>Investment objective</b>	To achieve higher returns than balanced options over the long term by investing in a diversified portfolio with an emphasis on growth assets.	To achieve higher returns 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.
<b>Indicative asset allocation<sup>1</sup></b>	 <p>10% 45% 45%</p>	 <p>10% 5% 35% 15% 10% 25%</p>	 <p>10% 25% 15% 10% 30%</p>
<b>Indicative investment performance<sup>2</sup> (%)</b>			
2014/15	10.97	8.44	7.81
2013/14	15.16	12.58	10.57
2012/13	21.16	16.94	13.03
2011/12	-3.59	-0.99	1.17
2010/11	9.18	8.04	7.88
<b>5 year annualised return<sup>2</sup> (%)</b>	10.26	8.84	8.02

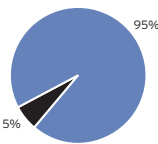
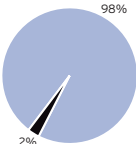
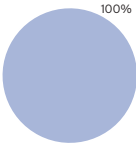
The table outlines the general characteristics of the investment strategies. You choose investment options from within these strategies. The details of a particular investment option may vary from the information above.

You should read all relevant information for an investment option before investing.

The notes to the tables are on page 20.

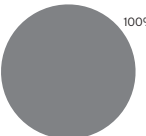
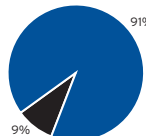
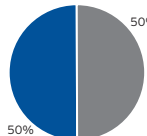
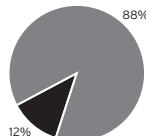

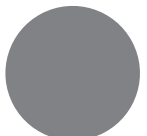





			Share strategies
Moderately conservative funds	Conservative funds	Diversifying funds	Australian share funds
<p>To achieve a return higher than that of cash and other short term fixed interest securities through a diversified portfolio which favours less volatile assets. There is potential for some capital 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>5.34</p> <p>7.80</p> <p>9.13</p> <p>3.80</p> <p>6.59</p>	<p>4.11</p> <p>6.03</p> <p>6.82</p> <p>4.91</p> <p>5.92</p>	<p>7.81</p> <p>10.57</p> <p>13.03</p> <p>1.17</p> <p>7.88</p>	<p>5.20</p> <p>16.46</p> <p>22.30</p> <p>-7.81</p> <p>10.52</p>
<p>6.52</p>	<p>5.55</p>	<p>8.02</p>	<p>8.83</p>

Managed investments options (continued)			
	Share strategies	Property strategies	
	International share funds	Australian property funds	International property funds
<b>Investment objective</b>	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.
<b>Indicative asset allocation<sup>1</sup></b>			
<b>Indicative investment performance<sup>2</sup> (%)</b>			
2014/15	23.51	17.81	12.47
2013/14	18.43	11.04	14.57
2012/13	32.02	22.52	16.26
2011/12	-3.03	9.89	4.50
2010/11	2.77	5.77	26.60
<b>5 year annualised return<sup>2</sup> (%)</b>	13.99	13.25	14.66

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.
					
4.33 5.54 3.09 10.68 5.64	5.24 7.16 5.23 9.34 6.73	3.65 5.75 3.17 8.84 6.36	2.84 3.99 6.48 6.07 12.07	2.29 2.46 3.10 4.27 4.50	3.07 3.39 4.17 5.18 6.04
5.82	6.73	5.54	6.24	3.32	4.78

	Listed investments*		
	Australian shares	Listed investment companies – Australian shares	Listed investment companies – international shares
<b>Investment objective</b>	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.
<b>Indicative asset allocation<sup>1</sup></b>			
<b>Indicative investment performance<sup>2</sup> (%)</b>			
2014/15	5.61	5.61	25.18
2013/14	17.25	17.25	20.41
2012/13	21.90	21.90	33.10
2011/12	-7.01	-7.01	-0.50
2010/11	11.90	11.90	2.66
<b>5 year annualised return<sup>2</sup> (%)</b>	9.45	9.45	15.43

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 <sup>3</sup> .	<p>20.20</p> <p>11.08</p> <p>23.98</p> <p>10.98</p> <p>5.87</p>	<p>2.84</p> <p>3.99</p> <p>6.48</p> <p>6.07</p> <p>12.07</p>
Not applicable <sup>3</sup> .	14.23	6.24

## 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 2015. 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 2014. 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 Bonds - Global / Australia
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 LIS.

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 ten 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 2014/15 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 \$144 billion in funds under management, administration, advice and supervision as at 30 June 2015.

## **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 Registerable 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 2015. 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	2015 (\$'000)	2014 (\$'000)
<b>REVENUE</b>		
Investment income	380,952	582,717
Sundry income	3,898	2,563
Employer contributions	50,165	47,156
Member contributions	225,825	186,980
Co-contributions	275	380
Transfers from other funds	413,473	322,058
<b>TOTAL REVENUE</b>	<b>1,074,588</b>	<b>1,141,854</b>
<b>EXPENSES</b>		
Benefits paid	629,972	617,785
Management fees	93,990	91,191
General administration expenses	5,985	6,281
Group life and salary continuance premiums	2,839	2,347
Income tax expense	(29,591)	(14,700)
<b>TOTAL EXPENSES</b>	<b>703,195</b>	<b>702,904</b>
Transfers to reserves	8,028	4,776
Increase in Members' Funds	379,421	443,727
Balance brought forward	5,984,878	5,541,152
<b>MEMBERS' FUNDS</b>	<b>6,364,299</b>	<b>5,984,878</b>

Extract of accounts for the year ended 30 June	2015 (\$'000)	2014 (\$'000)
<i>Represented by</i>		
<b>ASSETS</b>		
Investments	5,442,043	5,105,347
Cash and cash equivalents	776,924	748,247
Sundry debtors	114,090	108,008
Current tax assets	32,375	28,338
Deferred tax asset	-	2,395
<b>TOTAL ASSETS</b>	<b>6,365,432</b>	<b>5,992,335</b>
<b>LIABILITIES</b>		
Creditors and accruals	744	7,457
Deferred Tax Liability	389	-
<b>TOTAL LIABILITIES</b>	<b>1,133</b>	<b>7,457</b>
<b>NET ASSETS</b>	<b>6,364,299</b>	<b>5,984,878</b>
<b>MEMBERS' FUNDS</b>	<b>6,364,299</b>	<b>5,984,878</b>

## Reserves

### General 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	2015 (\$'000)	2014 (\$'000)
Opening balance	501	652
Transfer (from)/to reserves	2,782	(151)
Closing balance	3,283	501

### ORFR

The ORFR has been established to meet the requirements of Prudential Standard SPS 114 – Operational Risk Financial Requirement. The prudential standard requires the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect the Fund.

Reserves	2015 (\$'000)	2014 (\$'000)
Opening balance	4,927	–
Transfer (from)/to reserves	5,246	4,927
Closing balance	10,173	4,927

## **Concentration of assets of the Fund**

The Trustee advises that, to the best of its knowledge, at 30 June 2015:

- 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 on-going 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 and 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.

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