



Creating financial independence since 1846

Trustee's annual report to members as at **30 June 2014**

IOOF Portfolio Service Superannuation Fund

Incorporating:

- AustChoice Super
- Bendigo Financial Solutions
- Financial Partnership Portfolio Service
- IOOF Portfolio Service
- IOOF LifeTrack
- IOOF Pursuit Focus
- IOOF Pursuit Select
- IOOF Pursuit Core
- IOOF Employer Super (including sub-plans: Bendigo and Adelaide Bank Staff Superannuation Plan, JR Superannuation Fund and Medical & Associated Professions Superannuation Fund)

Contents

Message from the Trustee	3
Government reforms in superannuation	4
Changes to the IOOF Portfolio Service Superannuation Fund during 2013/14	7
Changes to the Trust Deed	7
Changes to the product range	7
Changes to the investment options	15
Investment managers	18
General information	21
Trustee's investment objective and strategy	24
Abridged financial statements	25
Contact us	30

Important information

This report is issued by IOOF Investment Management Limited (IIML) ABN 53 006 695 021 AFS Licence No. 230524 as Trustee of IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818 (Fund). 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 available from us or your financial adviser 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. IIML provides no assurance that the Fund will continue to be available in the future.

Message from the Trustee



I am pleased to present the following Trustee's annual report to members in the IOOF Portfolio Service Superannuation Fund (Fund) for the year ended 30 June 2014. This report has been prepared by IOOF Investment Management Limited as Trustee of the Fund ('IIML' or 'Trustee').

Within the report you will find general information about the Fund, including abridged financial statements, changes to the Fund and developments in superannuation that have occurred during the 2013/14 financial year.

On behalf of the board of Trustee directors, thank you for your ongoing support.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by a series of connected loops and a horizontal line ending in a small dot.

Christopher Kelaher

Managing Director

IOOF Investment Management Limited

as Trustee of the IOOF Portfolio Service Superannuation Fund

Government reforms in superannuation

Changes and developments in superannuation

New superannuation and tax thresholds for 2014/15

- The concessional contributions cap increased to \$30,000 (\$35,000 for those aged 49 or more on 30 June 2014).
- The non-concessional contributions cap increased to \$180,000 (annually) and \$540,000 over three years if you were under age 65 during the financial year.
- The low rate cap for tax on super lump sum withdrawals under age 60 increased to \$185,000. Therefore lump sum super benefits paid after preservation age but before age 60 will be taxed at 0% of the first \$185,000 of the taxable component and 17% thereafter (15% plus 2% Medicare levy).

Superannuation Guarantee rate increases to 9.5%

- The Superannuation Guarantee (SG) rate increased from 9% to 9.5% of ordinary time earnings from 1 July 2014. Legislation has also passed to freeze the SG rate at 9.5% until 1 July 2021, after which it will increase by 0.5% every year until it reaches 12% from 1 July 2025.

Low income super contribution changes

- The low income super contribution (LISC) is a Government contribution of up to \$500 for those with incomes under \$37,000, effectively as compensation for the 15% tax on contributions paid by the super fund. Legislation was passed which will abolish LISC for concessional contributions (including SG contributions) made from 1 July 2017. The Government had intended to abolish LISC from 1 July 2014, however after compromising with the minor parties in the Senate, it delayed the removal of LISC for three more years.
- Note: Although the LISC will cease from 1 July 2017, the Government Co-contribution is still available.

SuperStream – reforming the superannuation back office

- SuperStream is a comprehensive package of reforms that aims to increase the efficiency and improve data quality in the superannuation system. The Australian Taxation Office (ATO) regulates compliance with SuperStream and provides guidance to super funds about the requirements. During the 2013/14 financial year super funds (except self-managed super funds) were required by law to rollover and transfer benefits using electronic means and consistent data. IOOF superannuation funds have been at the forefront of these exciting new reforms, making consolidating your super with us easier and more efficient.
- Stage two of SuperStream applies to employers making contributions to super funds. Over 2014/15 employers with 20 or more employees must pay contributions electronically and send matching contribution data in a particular consistent format. From 1 July 2015 the rules will apply to smaller employers with 19 or less employees. The advantages for members are contributions are processed efficiently, with fewer errors and invested in members' preferred investment option(s) as soon as possible.

MySuper

- MySuper is the new default superannuation option for IOOF corporate and employer super plans. From 1 January 2014, contributions are made to MySuper where the member has not made an investment choice. Most personal super and pension members make investment choices as part of joining the fund and MySuper will not apply to them.

Super income streams to be subject to deeming under Centrelink income test from 1 January 2015.

- From 1 January 2015, new account-based pensions (including IOOF allocated pensions) will be subject to deeming under the Centrelink Income test for social security purposes. Deeming does not apply to term allocated pensions.
- Currently account-based (or allocated) super pensions are treated generously under the income test, with the actual pension income less a generous deductible amount being counted as income. From 1 January 2015, the account will be deemed to earn income at the rate of 2% pa on the first \$48,000 (\$79,600 for couples) and 3.5% pa thereafter.
- Existing account-based pensions payable to individuals receiving Centrelink income support on 31 December 2014 are grandfathered from these changes and will continue to receive the current income test treatment.
- The Government has also announced it will extend deeming of account-based pensions to the income tests for the Low Income Health Card and the Commonwealth Seniors Health Card from 1 January 2015. Pensions commencing before 1 January 2015 payable to current card holders will be excluded.

ATO tax file number notification

- Each year IOOF is required to provide a report to the ATO setting out basic member account information including tax file numbers (TFNs). If a TFN is incorrect or has changed, the ATO will provide the correct TFN to IOOF. If the correct TFN is not available, the ATO will ask IOOF to follow up with the member and will also notify the member if the TFN remains unresolved.
- If you have not provided your TFN to IOOF, but you have provided it to another super fund, the ATO will forward your TFN to IOOF and we will update your records. Your next annual statement will indicate that we now hold your TFN.

Personal tax rates

- Personal tax rates increased from 1 July 2014 with the increase in the Medicare levy to 2% (an increase of 0.5% to fund the National Disability Insurance Scheme) and the increase in the top marginal tax rate to 47% (an increase of 2% to fund the Government's temporary budget repair levy).
- This means the top marginal tax rate plus Medicare is now 49%. Therefore contributions made to super without a TFN and excess non-concessional contributions will be taxed at 49%.

Changes to the IOOF Portfolio Service Superannuation Fund during 2013/14

Changes to the Trust Deed

The Trust Deed for the Fund was amended to create a new sub-plan of IOOF Employer Super, called the 'Executive Choice Superannuation Category'. The amendment was made to facilitate the successor fund transfer (SFT) of members in the Executive Choice Superannuation Category of the Lifetime Superannuation Fund to the Fund.

A copy of the current Trust Deed is available to members upon request by calling our client services team or may be inspected by arrangement during business hours at the office of the Trustee.

Changes to the product range

SFTs into the Fund

Members in the following superannuation funds were received into the Fund via a SFT.

Original fund and product name		IOOF product name
Fund legal name	Product name	Product name
Plan B Superannuation Fund (ABN 90 054 737 156) Trustee: IOOF Investment Management Limited (ABN 53 006 695 021)	Plan B Superannuation Fund – personal superannuation	IOOF Pursuit Select Personal Superannuation for Plan B*
	Plan B Superannuation Fund – personal pension	IOOF Pursuit Select Allocated Pension for Plan B*
	Plan B Superannuation Fund – ADF	IOOF Pursuit Select Personal Superannuation for Plan B*
	Plan B Superannuation Fund – Supersure ADF	IOOF Pursuit Select Personal Superannuation for Plan B*
	Plan B Superannuation Fund – Employer Sponsored	IOOF Employer Super

Original fund and product name		IOOF product name
Fund legal name	Product name	Product name
Lifetime Superannuation Fund (ABN 90 054 737 156) Trustee: IOOF Investment Management Limited (ABN 53 006 695 021)	Lifetime Superannuation Fund – personal superannuation	IOOF Pursuit Select Personal Superannuation for Plan B*
	Lifetime Superannuation Fund – account-based pension	IOOF Pursuit Select Allocated Pension for Plan B *
	Lifetime Superannuation Fund – executive choice category – personal superannuation	IOOF Pursuit Select Personal Superannuation for Plan B*
	Lifetime Superannuation Fund – executive choice category – income streams	IOOF Pursuit Select Allocated Pension for Plan B *
	Lifetime Superannuation Fund – executive choice category – term allocated pension	IOOF Pursuit Select Term Allocated Pension
	Lifetime Superannuation Fund – executive choice category – non-commutable and fixed term pensions	IOOF Employer Super
	Lifetime Superannuation Fund – employer sponsored	IOOF Employer Super
Integral Superannuation Fund (ABN 90 054 737 156) Trustee: IOOF Investment Management Limited (ABN 53 006 695 021)	Integral Superannuation Fund – personal superannuation	IOOF Pursuit Select Personal Superannuation for Plan B*
	Integral Superannuation Fund – account-based pension	IOOF Pursuit Select Allocated Pension for Plan B *

* New product within the Fund

Product disclosure statements

IOOF Pursuit

IIML issued Product Disclosure Statements (PDS) on 29 November 2013 for:

- IOOF Pursuit Select Personal Superannuation (Annex)
- IOOF Pursuit Select Allocated Pension (Annex)
- IOOF Pursuit Focus Personal Superannuation (Annex)
- IOOF Pursuit Focus Allocated Pension (Annex)

Due to the SFT of Plan B, Lifetime and Integral Superannuation Fund, IIML issued Product Disclosure Statements (PDS) on 5 February 2014 for:

- IOOF Pursuit Select Personal Superannuation for Plan B
- IOOF Pursuit Select Allocated Pension for Plan B

IIML issued forms booklets on 10 February 2014 for:

- IOOF Pursuit Select Personal Superannuation
- IOOF Pursuit Select Allocated Pension
- IOOF Pursuit Select Term Allocated Pension
- IOOF Pursuit Focus Personal Superannuation
- IOOF Pursuit Focus Allocated Pension

IIML issued forms booklets on 3 March 2014 for:

- IOOF Pursuit Select Personal Superannuation for Count
- IOOF Pursuit Select Allocated Pension for Count

IOOF Employer Super

IIML issued a PDS on 1 January 2014 for IOOF Employer Super super and pension products. IIML also issued updated PDSs for the following IOOF Employer Super sub-plans: Medical & Associated Professions Superannuation Fund, the Bendigo and Adelaide Bank Staff Superannuation Plan and the JR Superannuation Fund.

IIML also issued a Supplementary PDS on 1 June 2014 for IOOF Employer Super super and pension products and the following IOOF Employer Super sub-plans: Medical & Associated Professions Superannuation Fund, the Bendigo and Adelaide Bank Staff Superannuation Plan and the JR Superannuation Fund.

AustChoice Super

IIML issued a PDS on 1 January 2014 for AustChoice Super Employer and Personal super products.

IIML also issued a Supplementary PDS on 1 June 2014 for AustChoice Super Employer and Personal super products.

Product updates

Spectrum Super renamed to IOOF Employer Super

On 1 January 2014 Spectrum Super changed its name to IOOF Employer Super. The change was made to make it easier for members to identify that IOOF is ultimately managing their super and that they are part of one of the largest independent financial services providers in the country. The change of name did not affect account features and benefits or the way it is managed.

IOOF MySuper

On 1 January 2014 IOOF MySuper was launched and made available through IOOF Employer Super, the following IOOF Employer Super sub-plans: Medical & Associated Professions Superannuation Fund, the Bendigo and Adelaide Bank Staff Superannuation Plan, and the JR Superannuation Fund, and AustChoice Super. MySuper members have their funds invested in a single diversified investment option, the IOOF Balanced Investor Trust.

From 1 January 2014, contributions and rollovers have been directed into MySuper where a member has not made an investment choice. To exit MySuper a member needs to make an investment strategy selection.

Closure of SMF Master Pooled Superannuation Trust (MPST)

A pooled superannuation trust is an investment vehicle set up specifically for super funds. IOOF Employer Super, its sub-plans and AustChoice Super held units in the MPST and the MPST in turn held units in the underlying managed fund.

To ensure we provide members with simple, safe and transparent super solutions, on May 9 2014, IIML removed the MPST layer from our investment structure for IOOF Employer Super super and pension products, the following IOOF Employer Super sub-plans: Medical & Associated Professions Superannuation Fund, the Bendigo and Adelaide Bank Staff Superannuation Plan, and the JR Superannuation Fund, and AustChoice Super.

As a result members' super benefits invest directly into the underlying managed fund rather than through the MPST. This change has simplified our investment structure, giving members more transparency over what they are invested in.

What are the benefits of the MPST removal?

The removal of the MPST brings a number of benefits including:

- Greater exposure and transparency to your underlying managed fund.
- More efficient transacting.
- Cost savings.
- No capital gains tax when you transfer to the pension phase.

Fees

Effective 29 November 2013, a new dollar based fee option was introduced to the 'Member Advice Fee – Licensee'. You can now select up to a maximum of \$750 per month (inclusive of GST). This fee is applicable to IOOF Pursuit Select, IOOF Pursuit Focus, IOOF Pursuit Core and IPS Retail (Super) products.

Removal of member protection

From 1 July 2013, member protection standards under the Superannuation Industry Supervision (SIS) Regulations were removed. Member protection limited the amount of fees and charges applied to account balances of less than \$1,000. Instead, from 1 July 2013 in order to protect small, inactive accounts from being eroded by fees and charges, these accounts will be transferred to the ATO. Members will be able to claim the account balances from the ATO at any time.

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.

The Trustee has determined to recoup the cost of the levy from members of the Fund, each year until 2017/18. The SuperStream levy amount payable by members for the 2013/14 financial year and deducted from members' accounts on 18 December 2013 was \$6.87. 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 2014/15 financial year will be disclosed when known in the Product News section on our website.

Operational Risk Financial Reserve (ORFR) levy

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 the 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 of \$40 was deducted from each member's account for the 2013/14 financial year on 27 June 2014. An amount will also be deducted in the following two financial years.

Should an operational risk event occur, additional deductions against each member's balance may be required to restore the ORFR back to the target amount.

The levy amount payable for the 2014/15 financial year will be disclosed in the Product News section on the website and in next year's Annual Trustee Report.

Closure of products

The following products were closed to new applications:

- IOOF Pursuit Core Personal Superannuation (1 July 2013)
- IOOF Pursuit Core Allocated Pension (1 July 2013)
- IOOF Portfolio Service Personal Superannuation (1 July 2013)
- IOOF Portfolio Service Allocated Pension (1 July 2013)
- AustChoice Employer Super (1 January 2014)
- AustChoice Personal Super (1 January 2014)
- AustChoice Allocated Pension (1 January 2014)
- IOOF Pursuit Select Personal Superannuation for Count (30 June 2014)
- IOOF Pursuit Select Allocated Pension for Count (30 June 2014)

Insurance changes

IOOF Employer Super

Effective 1 January 2014 the following changes were introduced for group life, total and permanent disablement (TPD) and income protection insurance arrangements for new and existing members:

- New default insurance introduced of \$3 per week death and TPD disablement cover to meet MySuper minimum insurance requirements.
- New insurance rates introduced for death, death and TPD and income protection
- Insurance rates for employer plan and personal plan aligned.
- All insurance administration fees aligned to ten per cent (pre GST).
- Introduced state of domicile methodology to determine stamp duty payable on income protection.
- Change to process when you leave your employer we will transfer you to our personal division from 1 January, on transferring to the personal division you will:
 - retain the same insurance rates
 - if your employer had negotiated a plan rating factor this will be removed and replaced with your occupation rating factor, if you have not provided us with your occupation this will default to skilled blue.
- The age at which your existing death or death and TPD cover ceases to apply has been extended, meaning any cover you have in place will now continue as follows:

Cover type	Previous expiry age	New expiry age
Death	70	75
Death and TPD	65	75

- Introduced TPD tapering from age 72.
- Increased maximum and expiry for Death and TPD interim accident cover.
- Increase to TPD and terminal illness maximums up to \$5m.
- New TPD definition for members aged 65 and under 75.
- Introduced a three month wait for TPD and updates to TPD definitions including part time and domestic duties definitions.
- Increased the income protection maximum to \$30,000 per month.
- Updates to benefit offsets.
- Updates to partial disability definition.
- Introduced assessment free increases in cover when a defined life event occurs.

Refer to the relevant insurance guide for details of these changes.

IOOF Portfolio Service and IOOF LifeTrack

Effective 1 January 2014 the following changes were introduced for group life, TPD and income protection insurance arrangements for new and existing members:

- New default insurance introduced of \$3 per week death and TPD disablement cover to meet MySuper minimum insurance requirements.
- New insurance rates introduced for death, death and TPD and income protection.
- Insurance rates for employer plan and personal plan aligned.
- The age at which your existing death or death and TPD cover ceases to apply has been extended, meaning any cover you have in place will now continue as follows:

Cover type	Previous expiry age	New expiry age
Death	70	75
Death and TPD	65	75

- Increased maximum and expiry for Death and TPD interim accident cover.
- Increase to TPD and terminal illness maximums up to \$5m.
- New TPD definition for members aged 65 and under 75.
- Introduced a three month wait for TPD and updates to TPD definitions including part time and domestic duties definitions.
- Increased the income protection maximum to \$30,000 per month.
- Updates to benefit offsets.
- Updates to partial disability definition.
- Removal of the continuation option.

Refer to the relevant insurance guide for details of these changes.

Changes to investment options

As Trustee, we regularly monitor the investment options available to members in the Fund. This section outlines the underlying investment options that have been added and removed from the Fund's investment menus during 2013/14. Any investment option currently available may not continue to be available in the future. If we remove an investment option from the Fund, we may transfer your investments in the investment option that is no longer available to another investment option of the Fund. We will attempt to notify you before this action is taken.

We make no recommendation regarding the investment options set out below and not all investment options are available for all products. If you require further information about investment options available through each product, please refer to the PDS of the investment option and relevant product, and speak to your financial adviser or our client services team.

New investment options

APIR code	Investment option name
ETL0060AU	Allan Gray Australia Equity Fund
BTA0061AU	BT Wholesale Property Securities Fund
FAM0101AU	Celeste Australian Small Companies Fund
HOW0093AU	Challenger Guaranteed Income Fund – 5.70 cents pa 30 June 2016 (MV\$1)
MLT0002AU	Challenger Guaranteed Income Fund – 4.50 cents p.a. 30 June 2016 (MV\$1)
MLT0003AU	Challenger Guaranteed Income Fund – 4.46 cents p.a. 30 June 2016 (MV\$1)
FSF1241AU	Colonial First State Global Listed Infrastructure Securities – Class A
FSF0961AU	Colonial First State Wholesale Equity Income Fund
INT0095AU	Ibbotson Diversified Alternatives Trust
ASK1209AU	Ibbotson Dynamic Growth Trust
ASK1212AU	Ibbotson Dynamic Income Trust
HOW0052AU	Kapstream Wholesale Absolute Return Fund
MGE0007AU	Magellan Global Fund (Hedged)
MGE0006AU	Magellan Infrastructure Fund (Unhedged)
OPS0002AU	OC Premium Small Companies Fund
RIM0086AU	PartnerShip Balanced Fund – Class A
RIM0085AU	PartnerShip Conservative Fund – Class A
RIM0088AU	PartnerShip Debt Management – Class A
RIM0087AU	PartnerShip Growth Fund – Class A
RIM0089AU	PartnerShip Income Seeker Fund – Class A
IOF0227AU	Perennial Absolute Return Trust

APIR code	Investment option name
IOF0127AU	Perennial Income Focused Trust
IOF0184AU	Perennial Unhedged Global Property Trust
PER0260AU	Perpetual Wholesale Diversified Income Fund
PER0072AU	Perpetual Wholesale Share-Plus Long-Short Fund
ETL0019AU	PIMCO EQT Wholesale Global Credit Fund
WHT0039AU	Plato Australian Shares Income Fund
TGP0034AU	RARE Infrastructure Value Fund (Unhedged)
STL0044AU	Sandhurst Strategic Income Fund
SCH0024AU	Schroder Credit Securities Fund Standard Class
SST0048AU	SSgA Australian Managed Volatility Alpha Trust
VAN0104AU	Vanguard® Australian Shares High Yield Fund
VAN0018AU	Vanguard® International Property Securities Index Fund
VEN0032AU	Ventura Growth 90 Fund
PMC0003AU	Zurich Investments Global Equity Income Fund
ZUR0580AU	Zurich Investments Global Growth Share Fund
ZUR0581AU	Zurich Investments Unhedged Global Growth Share Fund

Removed investment options

APIR code	Investment option name
MAL0077AU	BlackRock Global Fixed Interest Plus Fund (Class D Units)
MAL0136AU	BlackRock Global High Conviction Fund – Hedged (Class D)
PWA0824AU	BlackRock Wholesale Global High Conviction Fund
RFA0813AU	BT Wholesale Fixed Interest Fund
BTA0125AU	BT Wholesale Future Goals Fund
MLT0003AU	Challenger Guaranteed Income Fund – 4.46 cents p.a. 30 June 2016 (MV\$1)
HOW0093AU	Challenger Guaranteed Income Fund – 5.70 cents pa 30 June 2016 (MV\$1)
FSF0146AU	Colonial First State Wholesale Global Health & Biotechnology Fund
FSF0905AU	Colonial First State Wholesale Global Listed Infrastructure Securities Fund
FSF0143AU	Colonial First State Wholesale Global Technology & Communications Fund
WPC0013AU	EIM Emerging Resources Company Share Fund
ETL0030AU	EQT SGH Wholesale Absolute Return Trust
SLT0013AU	Finovia Balanced Portfolio

APIR code	Investment option name
SLT0012AU	Finovia Growth Portfolio
SLT0011AU	Finovia Moderate Portfolio
GTU0102AU	Invesco Wholesale Global Matrix Fund – Unhedged
PAT0002AU	Ironbark Karara Australian Small Companies Fund
SSB0124AU	Legg Mason Esemplia Emerging Market Trust – Class A Units
HOW0061AU	River and Mercantile World Fund – Class A
SCH0103AU	Schroder Credit Securities Fund
FRT0006AU	Templeton Emerging Markets Fund
UBS0004AU	UBS Australian Small Companies Fund
HOW0020AU	Wavestone Wholesale Australian Share Fund

Listed share options

The majority of listed securities forming part of the ASX 300 index are available as listed share options.

Investment managers

The following investment management companies manage the assets of the investment options within the Fund as at 30 June 2014:

Aberdeen Asset Management Limited
Acadian Asset Management (Australia) Limited
Acorn Capital Limited
Adelaide Bank Limited
Advance Asset Management Limited
Allan Gray Australia Pty Ltd
AllianceBernstein Australia Limited
Alpha Fund Managers Pty Ltd
Alphinity Investment Management Pty Limited
American Century Investments
AMP Capital Investors Limited
Antares Capital Partners Ltd
APN Funds Management Limited
Aspect Capital Limited
Ausbil Dexia Limited
Australian Ethical Investment Ltd
Australian Unity Investments
Bennelong Australian Equity Partners
Bentham Asset Management Pty Limited
BlackRock Investment Management (Australia) Limited
BNP Paribas Investment Partners (Australia) Limited
Brandywine Global Investment Management
BT Investment Management (RE) Limited
BT Investment Management Limited
Celeste Funds Management Limited
Challenger Managed Investments Limited
Colonial First State Investments Limited
Deutsche Australia Limited
DFA Australia Limited
Eley Griffiths Group Pty Limited

Epoch Investment Partners, Inc
FIL Limited
Five Oceans Asset Management Pty Limited
Franklin Templeton Investments Australia Ltd
Global Thematic Partners LLC
Goldman Sachs & Partners Australia Managed Funds Limited
Hunter Hall Investment Management Limited
Ibbotson Associates Australia Limited
Independent Asset Management Pty Limited
Independent Franchise Partners LLP
Integrity Investment Management Australia Limited
Invesco Australia Ltd
Investors Mutual Limited
IOOF Investment Management Limited
Kaplan Funds Management Pty Limited
Kapstream Capital Pty Ltd
Lazard Asset Management LLC.
Lazard Asset Management Pacific Co
Legg Mason Asset Management Australia Limited
Macquarie Investment Management Limited
Magellan Asset Management Limited
Maple-Brown Abbott Limited
MAPP Pty Ltd
Mercer (Australia) Pty Ltd
Merlon Capital Partners Pty Limited
Metisq Capital Pty Ltd
MFS Investment Management
MLC Investments Limited
NovaPort Capital Pty Limited
OC Funds Management
OnePath Funds Management Limited
Orion Asset Management Limited
Parker Asset Management Limited
Pengana Capital Ltd

Perennial Investment Partners Limited
Perpetual Investment Management Limited
PI Investment Management Limited
PIMCO Australia Pty Limited
Platinum Asset Management
Platypus Asset Management Limited
PM Capital Limited
Prime Value Asset Management Limited
RARE Infrastructure Limited
RealindexInvestments Pty Limited
Russell Investment Management Ltd
Sandhurst Trustees Limited
Schroder Investment Management Australia Limited
Select Asset Management Limited
Sensible Asset Management Limited
SG Hiscock & Company Limited
Smallco Investment Manager Limited
Solaris Investment Management Limited
T. Rowe Price Global Investments Limited
Tribeca Investment Management Limited
Tyndall Investment Management Limited
UBS Global Asset Management (Australia) Limited
United Funds Management Limited
Value Partners Limited
van Eyk Research Limited
Vanguard Investments Australia Ltd
Ventura Investment Management Limited
Walter Scott & Partners Limited
Wellington Management Company, LLP
Winton Capital Management
Zurich Investment Management Limited

General information

About the Trustee

IIML has met all of the necessary APRA requirements to operate as a Trustee of the Fund. IIML also maintains its AFS Licence under the *Corporations Act 2001*.

We monitored our compliance with the relevant legislative requirements during 2013/14, and confirm that the Fund:

- is a resident regulated superannuation fund within the meaning of the *Superannuation Industry (Supervision) Act 1993*
- has not received a notice of noncompliance from APRA
- has not received a notice from APRA directing the Fund not to accept any contributions by an employer
- is able to accept SG contributions from employers
- complies with the minimum insurance cover requirements for Choice of Superannuation funds as set out in the *Superannuation Guarantee (Administration) Regulations 1993*

The Trustee has effected and maintains in force professional indemnity insurance to protect the interests of members.

Directors of the Trustee

Dr Roger Neil Sexton (Chairman)

Ms Jane Margaret Harvey

Mr Ian Gregory Griffiths

Mr George Venardos

Mr Christopher Francis Kelaher

Mr Allan Raymond Griffiths

Policy committees

This section applies to members of IOOF Employer Super, Medical & Associated Professions Superannuation Fund, the Bendigo and Adelaide Bank Staff Superannuation Plan, JR Superannuation Fund, and AustChoice Super only.

A policy committee may be established for an employer-sponsored fund. A policy committee's role is to provide an avenue for members and employers to make enquiries about the investment strategies and performance of the employer-sponsored fund. The Trustee may use the policy committee as a forum for providing information to members and employers as well as to assist the Trustee to deal with complaints or enquiries about the employer-sponsored fund's operation or management.

The Trustee will take reasonable steps to set up a policy committee and to ensure that equal numbers of employer and member representatives are on the committee. Detailed information about how to establish a policy committee will be sent to all members from the Trustee if they request this in writing. Details of policy committees, including members' names and how they were appointed and by whom, are provided to members upon joining the employer-sponsored fund and every year within the member's annual statement.

Eligible rollover fund

An eligible rollover fund (ERF) is a fund designed to accept super accounts from other funds, where the Trustee of the other fund is unable to adequately provide for small account holders. ERFs are designed to offer a stable investment environment in which members with low account balances can have their funds invested with some protection from fees usually applied to actively managed accounts.

We may roll over your benefit to an ERF in the event that:

- you joined as a standard employer sponsored member more than two years ago and we have not received any contributions or rollover amounts in the last five years
- we have never had a correct address from you, or we have written two consecutive communications to you and had them returned unclaimed – in such circumstances, we will consider you to be a lost member
- you are a member of an employer plan and you leave that employer plan without nominating another fund for your balance
- your account balance falls below \$2,000
- you decide to seek the return of your initial investment (refer to 'cooling off' section in the relevant PDS) and either:
 - you do not notify us of a recipient fund for the receipt of your benefits (if necessary)
 - the nominated fund does not accept the transfer.

Once your benefit is rolled into the ERF, you will no longer be a member of, nor entitled to claim any benefit from the Fund. Your insurance cover ceases and any remuneration payable from your account to a financial adviser will also cease.

The Trustee has selected the following ERFs for the Fund:

IOOF Employer Super (including sub-plans) and AustChoice Super

SMF Eligible Rollover Fund (SMF ERF)

GPO Box 529

Hobart TAS 7001

Phone: 1800 677 306

All other products within the Fund

The Australian Eligible Rollover Fund (AERF)

Jacques Martin Administration & Consulting

Locked Bag 5429

Parramatta NSW 2124

Phone: 1800 677 424

Being transferred to the SMF ERF or AERF may affect your super benefits for the following reasons:

- You will become a member of the relevant ERF and be subject to its governing rules.
- The relevant ERF will apply a different fee structure.
- Neither of the ERFs offer insurance benefits in the event of death, total and permanent disablement or temporary disablement.
- The SMF ERF invests your benefit in a low-risk strategy, which may affect the rate of return credited to your account. You should evaluate whether this strategy is appropriate for your specific circumstances.
- The AERF invests your benefit in a single strategy with a balanced growth objective. The objective is to achieve industry average five year gross returns for balanced growth fund managers. No investment choice is available.

Please note that the ERFs are subject to investment risk which means you may receive back less than your original investment when withdrawn.

Before transferring your benefits to an ERF, we attempt to communicate with you and provide you with an option to nominate another fund. If you become a lost member, whether or not your benefit has been transferred to an ERF, you will be able to trace your benefit through the ATO SuperSeeker online search at www.ato.gov.au/superseeker or by contacting the ATO on 13 28 65.

Trustee's investment objective and strategy

The Trustee provides members with an extensive choice of investment options to meet their super and retirement planning needs. The investment options are intended to allow members to make choices that match their individual circumstances, diversify their portfolio and match their investment risk and return profile. It is recommended that you consult your financial adviser prior to selecting the investment options that you would like to invest in and the investment strategy suitable to your objectives.

As part of our range of investment options, we offer specific ethical investments. As Trustee of the Fund, we do not currently take into account labour standards, environmental, social or ethical considerations when selecting, retaining or removing fund managers and managed investments from the list of available investments. The investment guide available for each product under the Fund contains detailed information about the range of investment strategies, objectives, and options that you can select, depending on the product you invest in. To obtain more information on the investment strategy and objectives for each product and investment option, please refer to the PDS for the particular product and investment option. It is recommended that you consult your financial adviser prior to selecting the product and investment options that you would like to invest in and the investment strategy suitable to your objectives.

Important note:

Information about the management costs of each of the investment options are contained in the relevant PDS, a copy of which can be obtained by calling our client services team, or from our relevant website. Current asset allocations can be obtained at any time. A paper copy of updated information will be provided free of charge on request.

Investment performance

Information regarding the performance of each investment option is available on our websites. Please refer to the 'Contact us' section of this report on page 30 for details of our websites.

Abridged financial statements

Set out below are the abridged financial statements detailing the Fund's financial transactions for the year ended 30 June 2014.

If you would like to obtain a copy of the full audited fund financial statements and related audit reports for the year (free of charge), please contact our client services team or email us.

The auditor has issued an unqualified opinion in respect of the financial statements.

Extract of accounts for the year ended 30 June	2014 (\$'000)	2013 (\$'000)
Revenue		
Investment income	1,638,000	1,894,782
Sundry income	67,572	69,767
Employer contributions	741,172	728,351
Member contributions	369,275	278,289
Transfers from other funds	1,814,794	759,973
Total revenue	4,630,813	3,731,162
Expenses		
Benefits paid	1,852,450	1,799,016
Management fees	208,964	170,653
ORFR levy	13,826	-
General administration expenses	2,977	4,582
Group life and income protection premiums	110,884	96,707
Superannuation contributions surcharge	81	(3)
Income tax expense	143,894	134,508
Total expenses	2,333,076	2,205,463
Increase in members' funds	2,297,737	1,525,699
Balance brought forward	14,420,384	12,894,685
Members' funds	16,718,121	14,420,384
<i>Represented by</i>		
Assets		
Investments	16,046,734	13,979,331
Cash and cash equivalents	193,843	207,859
Sundry debtors	505,962	171,954
Deferred tax asset	17,393	103,682
Total assets	16,763,932	14,462,827
Liabilities		
Creditors and accruals	37,716	26,457
Income tax payable	8,095	15,986
Total liabilities	45,811	42,443
Net assets	16,718,121	14,420,384
Members' funds	16,718,121	14,420,384

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 predominantly retained in cash and cash equivalents.

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

Reserves	2014 (\$'000)	2013 (\$'000)
Opening balance	70,228	60,485
Transfer to reserves	20,673	9,743
Closing balance	90,901	70,228

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	2014(\$'000)
Opening balance	–
Transfer to reserves	13,826
Closing balance	13,826

Concentration of assets of the Fund

As at 30 June 2014, the following underlying investments exceeded five per cent of the total assets of the Fund:

Investment

- IOOF MultiMix Balanced Growth Trust
- IOOF MultiMix Conservative Trust
- IOOF MultiMix Moderate Trust

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.

Indirect Management Costs applying to the Cash Account (not applicable to AustChoice Super and IOOF Employer Super)

The Cash Account is invested in a combination of an operating bank account (for day-to-day transactions) and in the IOOF/Perennial Cash and Income Fund ARSN 087 727 277 (Cash and Income Fund), for which we are the Responsible Entity.

Interest generated by these investments is reduced by bank fees and charges (applicable to the operating bank account) and management costs charged by us, as the responsible entity of the Cash and Income Fund, for managing the assets of the Cash and Income Fund before it is credited to the Cash Account.

As at 30 June 2014, the indirect management cost is shown below. This cost is indirectly borne by members.

	%
Bendigo Financial Solutions	0.57
Financial Partnership Portfolio Service	0.57
IOOF Portfolio Service	0.57
IOOF LifeTrack	0.60
IOOF Pursuit Focus	0.57
IOOF Pursuit Select	0.57
IOOF Pursuit Core	0.57

Derivative policy

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.

Allocation of earnings into members' accounts

Earnings from a particular investment of the Fund will be allocated into the members' accounts in proportion to the member's interest in the investment.

Contact us

Trustee

IOOF Investment Management Limited

ABN 53 006 695 021 | AFS Licence No. 230524

Registered address Level 6, 161 Collins Street, Melbourne VIC 3000

Postal address GPO Box 264, Melbourne VIC 3001

Client services

AustChoice Super

Telephone: 1800 333 900

Postal Address: GPO Box 529, Hobart TAS 7001

Fax: 03 6215 5933

Email: info@austchoice.com.au

Website: www.austchoice.com.au

Bendigo Financial Solutions

Telephone: 1800 070 100

Postal Address: GPO Box 264, Melbourne VIC 3001

Fax: 1800 558 539

Email: bendigo_client_services@ioof.com.au

Website: <https://bendigo.portfolioonline.com.au>

Financial Partnership Portfolio Service

Telephone: 1800 000 137

Postal Address: GPO Box 264, Melbourne VIC 3001

Fax: 1800 558 539

Email: financial_partnership@ioof.com.au

Website: www.ioof.com.au

IOOF LifeTrack

Telephone: 1800 062 963

Postal Address: GPO Box 264, Melbourne VIC 3001

Fax: 1800 558 539

Email: clientservices@ioof.com.au

Website: www.ioof.com.au

Optus

Telephone: 1800 144 222
Postal Address: GPO Box 264, Melbourne VIC 3001
Fax: 1800 558 539
Email: optussuper@ioof.com.au
Website: <https://optus.portfolioonline.com.au>

Flight Centre

Telephone: 1800 653 894
Postal Address: GPO Box 264, Melbourne VIC 3001
Fax: 1800 558 539
Email: flightcentresuper@ioof.com.au
Website: <https://flightcentre.portfolioonline.com.au>

IOOF Portfolio Service

Telephone: 1800 062 963 or 1800 653 894 (for Corporate and Employer)
Postal Address: GPO Box 264, Melbourne VIC 3001
Fax: 1800 558 539
Email: clientservices@ioof.com.au
Website: www.ioof.com.au

IOOF Pursuit Select, IOOF Pursuit Core and IOOF Pursuit Focus

Telephone: 1800 062 963
Postal Address: GPO Box 264, Melbourne VIC 3001
Fax: 1800 558 539
Email: clientservices@ioof.com.au
Website: www.ioof.com.au

IOOF Employer Super

Telephone: 1800 333 500
Postal Address: GPO Box 529, Hobart TAS 7001
Fax: 03 6215 5933
Email: employersuper@ioof.com.au
Website: www.ioof.com.au

MAP Super

Telephone: 1800 009 921
Postal Address: GPO Box 529, Hobart TAS 7001
Fax: 03 6215 5933
Email: employersuper@ioof.com.au
Website: www.mapsuper.com.au

JR Super

Telephone: 07 3222 8444
Postal Address: GPO Box 529, Hobart TAS 7001
Fax: 07 3221 7779
Email: info@pitcherpartners.com.au
Website: www.jr.com.au/superannuation

Bendigo and Adelaide Bank Staff Super

Telephone: 1800 787 372
Postal Address: GPO Box 529, Hobart TAS 7001
Fax: 03 6215 5933
Email: staff.super@bendigobank.com.au
Website: www.bendigostaffsuper.com.au

This page has been left blank intentionally.

This page has been left blank intentionally.

