



Creating financial independence since 1846

Trustee's annual report to members as at **30 June 2015**

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)

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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 2015. This report has been prepared by IOOF Investment Management Limited as Trustee of the Fund ('IIML' or 'Trustee').

As one of the largest, independent financial services companies in the industry, IOOF is committed to continuously improving our systems and processes. This allows us to maintain the quality of our products and services for you, our investors. Today, IOOF Holdings Limited (IOOF) has over \$144 billion in funds under management, administration, advice and supervision, and we service more than 650,000 customers in Australia and New Zealand*.

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 2014/15 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

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 per cent. 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 per cent of the associated earnings. The associated earnings will be included in assessable income with a 15 per cent 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 per cent tax will apply to the excess.

Superannuation thresholds for 2015/16

Concessional contributions cap	\$30,000 or \$35,000 if aged 49 or more on 30/6/2014
Non-concessional contributions (NCC) cap	\$180,000 or \$540,000 over 3 years if under age 65
Superannuation Guarantee (SG) rate	9.5%

SG maximum contributions base	\$50,810 salary per quarter or \$203,240 p.a. (up from \$49,430 per quarter in 2014/15)
Preservation age	Age 56 for those born 1 July 1960 – 30 June 1961 Age 55 for those born before 1 July 1960
<ul style="list-style-type: none"> • Benefits can be accessed on retirement • 0% tax on low rate threshold (below) 	
Low rate threshold	\$195,000 (up from \$185,000 in 2014/15)
<ul style="list-style-type: none"> • 0% tax from preservation age to age 59 	
CGT cap amount	\$1,395,000 (up from \$1,355,000 in 2014/15)
<ul style="list-style-type: none"> • excluded from NCC cap 	
Government co-contribution income	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)

Qualified Recognised Overseas Pension Scheme (QROPS) changes

From 6 April 2015, IOOF super products, such as IOOF Pursuit Select and IOOF Portfolio Services, no longer have Qualified Recognised Overseas Pension Scheme (QROPS) status. The UK Government has decided that most Australian super funds will not meet the new QROPS rules that commenced 6 April 2015.

This means that IOOF (former QROPS) products will no longer accept transfers of UK benefits, as these benefits may be subject to a penalty UK tax of at least 55 per cent. For UK benefits that have already transferred to these products the following applies:

- If the transfer occurred before 6 April 2015, no UK tax penalty (unauthorised payments tax) applies to the transfer.
- If the transfer occurred after 6 April but before the UK Government amended its QROPS list to exclude most Australian super funds, the UK Government has provided advice as to how trustees are to make applications to grant an amnesty from UK tax for these transfers, including what information must be provided to them in respect of each transfer received. At the date that this Trustee's annual report was published, the Australian Treasury is still in discussions with the UK Government to grant an amnesty from UK tax for these transfers; therefore, please call our client services team for the most up-to-date information.
- If a member who has previously transferred UK benefits decides to rollover to another super fund, IOOF is still required to report the payment to the UK Government. As the receiving fund will no longer be a QROPS, this may lead to UK tax penalties. Members should seek professional advice before requesting a rollover.

The UK Government is reviewing the new rules in the light of concerns from Australia and elsewhere. Members will be kept up to date of further developments.

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 ATO¹. 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.

Changes to the rules for standard choice of fund forms

Employers are required to give a standard choice form to all new employees, providing information about the employer's default fund and giving the employee the opportunity to choose their own super fund for contributions. From 1 July 2015, employers will no longer be required to provide this form to new employees on temporary resident visas. (These employees will, however, still retain the right to choose their super fund.) Also a new standard choice form will not be required when an employee's account is transferred to another super fund under a successor fund transfer arrangement.

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.

¹ 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.

The Government is also considering 'Single Touch Payroll' which includes streamlining tax file number (TFN) declarations and choice of fund forms for new employees; and reporting pay as you go (PAYG) 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 withholding tax and the payment of super contributions at the same time as wages would be voluntary. The ATO will commence pilot programs from July 2016.

Deeming of account-based pensions

New account-based pensions that commenced from 1 January 2015 will be 'deemed' to earn income under the Centrelink income test. The deeming rules will also apply to new recipients of Centrelink income support from 1 January 2015, regardless of when the account-based pension commenced.

Account-based pensions that commenced before 1 January 2015 held by recipients of Centrelink income support on 1 January 2015 will continue to be treated under the pre 1 January 2015 income test rules. This applies even if the pensioner dies and the pension passes to a reversionary beneficiary after 1 January 2015. Deeming will not apply to Market linked income streams (Term Allocated Pensions), regardless of when the pension commenced.

From 1 January 2015 deeming will also apply to new account-based pensions under the income test for the Commonwealth Seniors Health Card (CSHC). However pre 1 January 2015 account-based pensions paid to existing CHSC recipients will be excluded.

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 per cent of the account balance assessed under the Centrelink assets test.

Changes to the IOOF Portfolio Service Superannuation Fund during 2014/15

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 services team or may be inspected by arrangement during business hours at the office of the Trustee.

Changes to the product range

Product disclosure statements

IOOF Pursuit

IML issued product disclosure statements (PDSs) and forms booklet on 1 July 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
- IOOF Pursuit Select Personal Superannuation (Annex)
- IOOF Pursuit Select Allocated Pension (Annex)
- IOOF Pursuit Focus Personal Superannuation (Annex)
- IOOF Pursuit Focus Allocated Pension (Annex)
- IOOF Pursuit Select Personal Superannuation (Infocus)
- IOOF Pursuit Select Allocated Pension (Infocus)
- IOOF Pursuit Focus Personal Superannuation (Infocus)
- IOOF Pursuit Focus Allocated Pension (Infocus).

IML issued supplementary product disclosure statements (SPDSs) on 1 January 2015 for IOOF Pursuit Select Term Allocated Pension.

IIML issued forms booklets on 20 April 2015 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
- IOOF Pursuit Select Personal Superannuation (Annex)
- IOOF Pursuit Select Allocated Pension (Annex)
- IOOF Pursuit Focus Personal Superannuation (Annex)
- IOOF Pursuit Focus Allocated Pension (Annex)
- IOOF Pursuit Select Personal Superannuation (Infocus)
- IOOF Pursuit Select Allocated Pension (Infocus)
- IOOF Pursuit Focus Personal Superannuation (Infocus)
- IOOF Pursuit Focus Allocated Pension (Infocus).

IIML issued forms booklets on 1 July 2015 for:

- IOOF Pursuit Select Personal Superannuation
- IOOF Pursuit Select Allocated Pension
- IOOF Pursuit Select Term Allocated Pension
- IOOF Pursuit Select Personal Superannuation (Annex)
- IOOF Pursuit Select Allocated Pension (Annex)
- IOOF Pursuit Select Personal Superannuation (Infocus)
- IOOF Pursuit Select Allocated Pension (Infocus).

IIML issued guides for:

IOOF Pursuit general reference guide (PFS.12) on 1 July 2015:

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

IOOF Pursuit insurance guide (PFS.17) on 1 July 2015:

- IOOF Pursuit Focus Personal Superannuation
- IOOF Pursuit Select Personal Superannuation

IOOF Employer Super (including sub-plans), IOOF Portfolio Service, Financial Partnership Portfolio Service, Bendigo Financial Solutions, and IOOF LifeTrack

IIML issued PDSs for:

IOOF PDS on 1 July 2015:

- Bendigo and Adelaide Bank Staff Superannuation Plan

IOOF PDS on 31 October 2014:

- Bendigo and Adelaide Bank Staff Superannuation Plan – Pension

IIML issued Guides for:

IOOF Investment Guide on 1 July 2015:

- Bendigo and Adelaide Bank Staff Superannuation Plan

IOOF insurance guide on 1 July 2015:

- IOOF LifeTrack Personal Superannuation
- IOOF Portfolio Service Personal Superannuation
- IOOF Employer Super (including sub-plans)
- Bendigo Financial Solutions
- Financial Partnership Portfolio Service
- IOOF LifeTrack Personal Superannuation

IOOF general reference guide on 28 May 2015:

- IOOF Employer Super
- Bendigo and Adelaide Bank Staff Superannuation Plan
- JR Superannuation Fund
- Medical and Associated Professionals Superannuation Fund

IOOF insurance guide on 18 August 2015:

- IOOF Portfolio Service Personal Superannuation
- Bendigo Financial Solutions
- Financial Partnership Portfolio Service
- IOOF LifeTrack Personal Superannuation.

AustChoice Super

IIML issued a PDS on 31 October 2014 for AustChoice Super Pension.

IIML issued AustChoice Super general reference guide (ACH.02) on 28 May 2015.

IIML also issued AustChoice Super insurance booklet on 1 July 2015 for AustChoice Super Employer and Personal super products.

Product updates

Ongoing and licensee advice fee options

To provide greater choice and flexibility in the way members pay for advice, we've introduced a tiered percentage fee option to the existing Member Advice Fee – Ongoing and Member Advice Fee – Licensee effective 20 April 2015.

- Member/Investor Advice Fee – Ongoing – up to a maximum of 2.2 per cent per annum (inclusive of GST) to apply to the amount under each tier,
- Member/Investor Advice Fee – Licensee – up to a maximum of 1.1 per cent per annum (inclusive of GST) to apply to the amount under each tier.

The new tiered percentage fees do not impact any existing fees charged on members' accounts.

This fee is applicable to IOOF Pursuit Select and IOOF Pursuit Focus (including Annex and Infocus) products.

New guidelines to one-off advice fees

We have implemented new guidelines with respect to the one-off advice fee as follows:

- 1 A maximum of \$11,000 (inclusive of GST); or
- 2 A maximum of 10 per cent (inclusive of GST) of the portfolio balance (not exceeding \$11,000 (inclusive of GST)); or
- 3 A maximum of \$3,300 (inclusive of GST) where the dollar amount set is greater than 10 per cent (inclusive of GST) of the portfolio balance.

Changes to Fee Aggregation

There has been a change to the terms and conditions of Fee Aggregation for the following products effective 27 March 2015:

- IOOF Pursuit Select Personal Superannuation
- IOOF Pursuit Select Allocated Pension
- IOOF Pursuit Select Term Allocated Pension
- IOOF Pursuit Select Investment Service.

This includes Annex and Infocus products.

The additional terms and conditions of Fee Aggregation is:

- Members nominated for Fee Aggregation within the same group must be associated with the same financial adviser.

New term deposit provider added

National Australia Bank has been added as a term deposit provider to the following products effective 1 July 2015:

- Pursuit Select
- Pursuit Core
- IOOF Portfolio Service
- LifeTrack
- AustChoice
- IOOF Employer Super (including sub-plans).

Interest rates and terms are available on our website.

Pursuit online trading

We are committed to improving the product and service offered to members and financial advisers and have introduced a number of enhancements to Pursuit's online trading in November 2015.

These enhancements allow for an easy-to-use online trading portal with straight through processing. The key improvements to Pursuit's online trading are:

- Buy and sell transactions on all investments (managed funds, listed investments and term deposits) in one place via the Order Pad
- Real time online trading for listed investments
- Place buy and sell orders simultaneously
- Eliminate errors with built-in validations
- Track submitted orders via the Order Monitor
- Easily manage corporate actions.

The new enhancements to online trading provide an efficient alternative to paper-based forms and are designed to reduce the amount of paperwork being handled including less paper-based communications. To realise the benefits of online trading, we encourage members to register for Portfolio Online access via our website and provide us with an email address.

To provide us with an email address, members can:

- log into Portfolio Online, go to the Your details menu and add an email address directly into the system; or
- send in a signed written request.

Consolidation of products

On 1 January 2014, we established MySuper accounts for eligible existing members of the products listed below in IOOF Employer Super and, since then, all contributions have been directed to the new MySuper accounts. In the meantime, the members' original accounts remained open. In September 2015 we transferred the members' previous balances (known as the Accrued Default Amount or ADA), as well as any existing insurance cover to their IOOF MySuper account within IOOF Employer Super. The members' old accounts are now closed and they now have one account, one login to view the account details online, one set of fees, and one annual statement.

We also took this opportunity to transfer the remaining (non-MySuper) members in the below listed products (excluding IOOF Portfolio Service Personal Super and LifeTrack Personal Super) to IOOF Employer Super. Members' investments, insurance, and death benefit nominations were all transferred to their new accounts.

As a result of these transfers, the products listed below (excluding IOOF Portfolio Service Personal Super and LifeTrack Personal Super) are now closed.

- Bendigo Financial Solutions Corporate Super
- Financial Partnership Portfolio Service Employer Super
- IOOF Portfolio Service Employer Super
- IOOF Portfolio Service Corporate Super
- IOOF Portfolio Service Personal Super (MySuper ADA members only)
- LifeTrack Employer Super
- LifeTrack Corporate Super
- LifeTrack Personal Super (MySuper ADA members only).

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 IOOF. This has had an impact on premiums and as such many companies reviewed their arrangements. At IOOF, 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 1 July 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 the member is not 'At Work' on the date of the increase. Members can refer to the Insurance Guide available on our website for further information.

The following products were impacted:

- IOOF Pursuit Personal Superannuation (Including Select, Core, Focus and badges)
- IOOF Employer Super – Personal and Employer Division (including Medical & Associated Professions, Bendigo and Adelaide Bank Staff and JR)
- AustChoice Super – Personal and Employer Division
- IOOF Portfolio Service (including Bendigo Financial Services and Financial Partnership)
 - Employer and Corporate Superannuation members
 - Personal Superannuation members
- LifeTrack
 - Employer and Corporate Superannuation members
 - Personal Superannuation members.

Reopening of AustChoice Super Pension

AustChoice Super Pension has been reopened to existing members of AustChoice effective 31 October 2015. This has been done to assist members with the extension of deeming under the Centrelink income test to account-based pensions from 1 January 2015. Pensions that start before 1 January 2015 are grandfathered from deeming where the individual is receiving Centrelink benefits.

The AustChoice Super Pension product is only available to current members of AustChoice Super or Pension, or dependants of a member of AustChoice Super or Pension who become entitled to receive a pension as a result of the death of that member.

Change to timing of tax being deducted and credited

Effective 28 May 2015, the timing of when we deduct and credit tax in members' accounts for contributions or income changed. Up until 28 May 2015, tax has been deducted and credited in a member's account upon receipt of a contribution or income. The change to the timing means we will now only deduct and credit tax in members' accounts at the time we transact with the ATO. This means that more of the contribution or income paid to the superannuation member's account will invest as per the investment strategy and the member will receive earnings on investments on that money right up until the time tax is paid. The exception to this is franking credits from managed funds, which will be credited annually once the managed fund provides details of the franking credits after the end of each financial year.

This change affected IOOF Employer Super (including its sub-plans) and AustChoice.

Closure of SMF Master Pooled Superannuation Trust (MPST) update

In May 2014 we removed the MPST from our investment structure. Members' super benefits are now invested directly into the underlying managed fund(s). This has simplified and given more transparency to our investment structure. Now that the MPST has completed and lodged its final tax return, we are able to distribute the remaining reserves to members. An income transaction was processed on 27 April 2015 to all members who held the MPST at 9 May 2014.

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 the 2012/13 and 2017/18 financial years.

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 2014/15 financial year and deducted from members' accounts on 24 December 2014 was \$5.55. 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 2015/16 financial year will be disclosed when known in the Product News section of our website.

Operational risk financial reserve (ORFR)

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.

Should an operational risk event occur post 1 July 2013, additional deductions against each member's balance may be required to restore the ORFR back to the target amount.

For the 2014/15 financial year there was no deduction from members' accounts.

The levy amount payable for the 2015/16 financial year will be disclosed in the Product News section of our website and in next year's Trustee's Annual Report.

Refund of levies for MySuper members

The APRA and ORFR levies were incorrectly deducted from some MySuper members' accounts in 2014. These levies will be refunded to the affected members by 31 December 2015. Interest will be applied to the refund to ensure members have not been adversely affected by the error.

Term deposit early redemption

We have the right on your behalf to redeem a term deposit early where your account has insufficient funds to meet required payments from the Cash Account. Depending on the terms and conditions of the term deposit, there may be a delay of up to 31 days in obtaining the funds when redeeming early from a term deposit. This may also result in the term deposit interest rate being reduced.

The following products were impacted:

- IOOF Pursuit Select
- IOOF Pursuit Core
- IOOF Portfolio Service
- Financial Partnership Portfolio Service
- Bendigo Financial Solutions
- IOOF LifeTrack
- IOOF Employer Super (including sub-plans)
- AustChoice Super.

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 2014/15. 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
STL0051AU	Bendigo Diversified Fixed Interest Fund
BTA0428AU	BT Balanced Equity Income Fund
MLT0006AU	Challenger Guaranteed Income Fund – 4.85 cents p.a. 30 September 2018 (MV\$1)
MLT0005AU	Challenger Guaranteed Income Fund – 4.55 cents p.a. 30 September 2017 (MV\$1)
MLT0008AU	Challenger Guaranteed Pension Fund – 31 December 2019
FRT0009AU	Franklin Global Growth Fund (W Class)
HOW0158AU	Greencape Broadcap Fund – Class A
BNT0003AU	Hyperion Australian Growth Companies Fund
MAQ0404AU	IFP Global Franchise Fund
MAQ0631AU	IFP Global Franchise Fund (Hedged)
PER0727AU	JPMorgan Global Strategic Bond Fund
LAZ0012AU	Lazard Global Small Cap Fund (W Class)
SSB0125AU	Legg Mason Australian Core Equity Trust
JPM0008AU	Legg Mason Diversified Trust
MAQ0825AU	Macquarie International Infrastructure Securities Fund (Unhedged)
ETL0365AU	Paradice Global Small Mid Cap Fund
IOF0227AU	Perennial Absolute Return Trust
IOF0228AU	Perennial Value Wealth Defender Australian Shares Trust
SCH0003AU	Schroder Global Core Fund
SOL0001AU	Solaris Core Australian Equity Fund (Performance Alignment)
SST0050AU	SSgA Global Managed Volatility Alpha DSH Trust

APIR code	Investment option name
VAN0023AU	Vanguard Global Infrastructure Index Fund
ZUR0581AU	Zurich Investments Unhedged Global Growth Share Fund

Removed investment options

APIR code	Investment option name
CRS0006AU	Aberdeen Global Government Bond Fund
GUNNSCAP	AMP Capital Guaranteed – Gunns
HOBPORTS	AMP Capital Guaranteed – Hobart Ports P/L
RURALCO	AMP Capital Guaranteed – Ruralco Limited
MLT0002AU	Challenger Guaranteed Income Fund – 4.50 cents p.a. 30 June 2016 (MV\$1)
MLT0001AU	Challenger Guaranteed Income Fund – 5.30 cents p.a. 30 September 2017 (MV\$1)
HOW0092AU	Challenger Guaranteed Income Fund – 5.60 cents p.a. 30 June 2015 (MV\$1)
HOW0093AU	Challenger Guaranteed Income Fund – 5.70 cents p.a. 30 June 2016 (MV\$1)
CSA0063AU	Credit Suisse Enhanced Commodity Fund
JBW0014AU	Goldman Sachs International Wholesale Fund
RIM0085AU	PartnerShip Conservative Fund – Class A
RIM0088AU	PartnerShip Debt Management – Class A
PER0270AU	Pengana Emerging Companies Fund
IOF0104AU	Perennial Balanced Wholesale Trust
IOF0100AU	Perennial Capital Stable Wholesale Trust
PER0050AU	Perpetual Wholesale International Share Fund
WHT0012AU	Solaris Core Australian Equity 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 2015:

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

FIL Limited
Franklin Templeton Investments Australia Limited
Global Thematic Partners LLC
Goldman Sachs Asset Management Australia Proprietary Limited
Greencape Capital Proprietary Limited
Hunter Hall Investment Management Limited
Hyperion Asset Management Limited
Ibbotson Associates Australia Limited
Independent Asset Management Proprietary Limited
Independent Franchise Partners LLP
Integrity Investment Management Australia Limited
Invesco Australia Limited
Investors Mutual Limited
IOOF Investment Management Limited
J O Hambro Capital Management Limited
JPMorgan Asset Management (Australia) Limited
Kaplan Funds Management Proprietary Limited
Kapstream Capital Proprietary Limited
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 Proprietary Limited
Mercer (Australia) Proprietary Limited
Merlon Capital Partners Proprietary Limited
MFS Investment Management
MLC Investments Limited
National Australia Bank Limited
Nikko AM Limited
NovaPort Capital Proprietary Limited
OC Funds Management

OnePath Funds Management Limited
Paradise Investment Management Proprietary Limited
Parker Asset Management Limited
Perennial Investment Partners Limited
Perpetual Investment Management Limited
PIMCO Australia Proprietary Limited
Platinum Asset Management
Plato Investment Management Limited
Platypus Asset Management Limited
PM Capital Limited
Prime Value Asset Management Limited
QS Investors LLC
RARE Infrastructure Limited
RealindexInvestments Proprietary Limited
Resolution Capital Limited
Russell Investment Management Limited
Sandhurst Trustees Limited
Schroders plc
SG Hiscock & Company Limited
Smallco Investment Manager Limited
Solaris Investment Management Limited
State Street Global Advisors, Australia, Limited
T. Rowe Price Global Investments Limited
Tribeca Investment Management Limited
UBS Global Asset Management (Australia) Limited
Value Partners Hong Kong Limited
Vanguard Investments Australia Limited
Ventura Investment Management Limited
Walter Scott & Partners Limited
Wellington Management Company, LLP
Western Asset Management Company Proprietary Limited
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 2014/15, 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 31 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 2015.

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	2015 (\$'000)	2014 (\$'000)
Revenue		
Investment income	1,452,664	1,638,000
Sundry income	84,928	67,572
Employer contributions	772,725	741,172
Member contributions	456,212	369,275
Transfers from other funds	1,064,387	1,814,794
Total revenue	3,830,916	4,630,813
Expenses		
Benefits paid	2,029,019	1,852,450
Management fees	226,872	208,964
ORFR levy	-	13,826
General administration expenses	2,750	2,977
Group life and income protection premiums	121,879	110,884
Superannuation contributions surcharge	7	81
Income tax expense	127,449	143,894
Total expenses	2,507,976	2,333,076
Increase in members' funds	1,322,940	2,297,737
Balance brought forward	16,718,121	14,420,384
Members' funds	18,041,061	16,718,121
<i>Represented by</i>		
Assets		
Investments	17,194,351	16,046,734
Cash and cash equivalents	282,423	193,843
Sundry debtors	657,131	505,962
Deferred tax asset	-	17,393
Total assets	18,133,905	16,763,932
Liabilities		
Creditors and accruals	31,873	37,716
Income tax payable	31,438	8,095
Deferred tax liability	29,533	-
Total liabilities	92,844	45,811
Net assets	18,041,061	16,718,121
Members' funds	18,041,061	16,718,121

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	2015 (\$'000)	2014 (\$'000)
Opening balance	90,901	70,228
Transfer to reserves	3,232	20,673
Closing balance	94,133	90,901

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	13,826	-
Transfer to reserves	17,271	13,826
Closing balance	31,097	13,826

Concentration of assets of the Fund

As at 30 June 2015, 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 2015, 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	0.65
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: clientservices@ioof.com.au
Website: optussuper.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: flightcentresuper.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.pitcher.com.au/Brisbane

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

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