



Creating financial independence since 1846

Trustee's annual report

to members as at **30 June 2017**

IOOF **Portfolio Service** Superannuation Fund

- 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, Pitcher Partners Superannuation Fund (previously 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 Trustee's annual report to members in the IOOF Portfolio Service Superannuation Fund (Fund) for the year ended 30 June 2017. This report has been prepared by IOOF Investment Management Limited as Trustee of the Fund ('IIML' or 'Trustee').

For over 170 years IOOF has helped Australians secure their financial independence. Today, we are one of the largest independent financial services group in Australia, with \$147.2 billion in funds under management, administration, advice and supervision, and more than 530,000 customers around Australia*.

As we grow, one thing won't change however. Just as in our beginning in 1846, we remain as committed as ever to helping you secure your financial independence.

In this report you will find general information about the Fund, including abridged financial statements, changes to the Fund and developments in super that have occurred during the 2016/17 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 loops and a horizontal line ending in a period.

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

Superannuation reforms commenced 1 July 2017

New reforms to the tax treatment of superannuation commenced on 1 July 2017. These reforms were originally announced in the 2016 Federal Budget and were passed into law in November 2016.

The key changes are:

1. Transfer balance cap

This is a limit of \$1.6 million to the amount of super benefits that can transfer to the tax-free pension phase. The cap applies to the value of existing retirement-phase pensions on 30 June 2017 and any new pensions that commence from 1 July 2017. The amount counted against the cap is reduced by any lump sum withdrawals or rollovers from the pension after 1 July 2017 and any amounts that relate to compensation for personal injury.

Before December 2017, the Trustee will report to the ATO the 30 June 2017 value of all existing pensions and the commencement value of new pensions, along with any post 1 July 2017 withdrawals from pension accounts and personal injury compensation contributions.

2. Tax on earnings of transition to retirement (TTR) pensions

From 1 July 2017, investment earnings on TTR pensions will be taxed at 15 per cent – the same basis as accumulation super accounts. The Trustee has taken advantage of tax relief available for these pensions and any capital growth on eligible investments to 30 June 2017 will not be taxable if investments are sold after 1 July 2017. The value of TTR pensions are not counted under the transfer balance cap or reported to the ATO until age 65 or earlier retirement.

3. \$100,000 non-concessional contributions (NCC) cap

The annual NCC cap has reduced to \$100,000 from 1 July 2017, or up to \$300,000 over 3 years if under age 65. Also this cap will drop to \$0 for 2017/18 if the member's total super balance across super and pension accounts on 30 June 2017 is \$1.6 million or more. Where balances are between \$1.4 million and \$1.6 million, the ability to bring forward any future years' cap entitlements will be restricted. This total super balance is assessed 30 June each year to determine the ability to make non-concessional contributions for the following financial year.

The Trustee will report to the ATO during October/November 2017, the withdrawal value on 30 June 2017 for all super and pension accounts, so the ATO can calculate the total super balance for each member.

4. Tax deductible personal super contributions for employees

From 1 July 2017 employees with assessable income will be able to claim a tax deduction for personal contributions to super. This means many more members will be able to make pre-tax super contributions, without having to enter into salary sacrifice arrangement with their employer.

Before claiming all personal contributions as a tax deduction, members should consider any potential Government co-contribution if no tax deduction was claimed.

5. \$25,000 concessional contributions cap

The annual concessional contributions cap has reduced to \$25,000 per annum for 2017/18. For the 2018/19 and later years, any unused cap amount can be carried forward and contributed in a later year for up to 5 years, but only capturing unused amounts accruing from 1 July 2018 and only accessible for members with a total super balance less than \$500,000.

6. Other tax changes from 1 July 2017

The income threshold for additional tax on concessional contributions for high income earners (Division 293 tax) has reduced to \$250,000. Also the spouse income threshold for a tax offset for spouse contributions has increased to \$37,000 per annum. However anti-detriment payments for lump sum death benefits are abolished where death is after 30 June 2017 or where the death benefit is paid after 30 June 2019.

Superannuation thresholds for 2017/18

Concessional contributions cap	\$25,000
NCC cap	\$100,000; or \$300,000 over 3 years if under age 65 and less than \$1.4 million in super and pension on 30 June 2017; or \$200,000 over 2 years if under age 65 with between \$1.4 million and \$1.5 million in super and pension on 30 June 2017. \$0 with \$1.6 million or more in super and pension on 30 June 2017.
Superannuation guarantee (SG) rate	9.5%
SG maximum contributions base	\$52,760 ordinary time earnings per quarter or \$211,040 pa (up from \$51,620 per quarter 2016/17) The maximum contributions base cannot generate an annual contribution amount that would exceed the concessional contributions cap.
Preservation age <ul style="list-style-type: none"> • Benefits can be accessed on retirement • 0% tax on low rate threshold (below) 	Age 56 for those who turned age 56 before 1 July 2017 Age 57 for those who turn age 56 after 30 June 2017
Low rate threshold <ul style="list-style-type: none"> • 0% tax under age 60 for cash lump sums 	\$200,000 (up from \$195,000 for 2016/17)
CGT cap amount <ul style="list-style-type: none"> • excluded from NCC cap 	\$1,445,000 (up from \$1,415,000 for 2016/17)
Government co-contribution income	Full co-contribution - \$36,813 pa or less (up from \$36,021 pa 2016/17) No co-contribution - \$51,813 pa or more (up from \$51,021 pa 2016/17)
Spouse contributions tax offset	Maximum of \$540 if annual spouse income less than \$37,000 (up from \$10,800 2016/17). Offset ceases at \$40,000 (up from \$13,800 2016/17)
Departing Australia Super Payment tax rate	35% on taxable component (65% for working holiday makers)
Centrelink Age Pension age	Age 65 if you turn age 65 before 1 July 2017 Age 65 and 6 months if you turn age 65 after 30 June 2017 Age pension age increases by 6 months every 18 months from 1 July 2017 until it reaches age 67 by 1 July 2023.

Proposed super reforms to commence 1 July 2018

The Government has proposed further changes to super to commence 1 July 2018. These changes have been introduced to parliament, but are not yet law.

First home saver super scheme

From 1 July 2018, super fund members will be able to request a withdrawal of voluntary contributions (personal contributions and salary sacrifice contributions) made since 1 July 2017 to help purchase a first home. Voluntary contributions of up to \$15,000 a year or \$30,000 in total plus ATO calculated earnings can be withdrawn. Note that only 85 per cent of voluntary concessional contributions are able to be accessed. Members have 12 to 24 months after the funds are released to enter into a contract to purchase or build their first home.

Downsizer contributions to super

Members and spouses aged 65 or more can contribute up to \$300,000 each of the proceeds of the sale of their main residence, where the sale occurs after 1 July 2018. The contributions are not counted under NCC cap and no maximum age or work test applies. To make downsizer contributions, the individual or their spouse must have owned the property for at least 10 years and made the contribution within 90 days of settlement. This contribution is only able to be triggered once, even if the full \$300,000 is not used future sales will not qualify for additional contributions.

Super Guarantee to exclude salary sacrifice

Salary sacrifice contributions will no longer count under an employer's obligation to make compulsory Super Guarantee contributions. From 1 July 2018 an employer will be required to make contributions of 9.5 per cent of ordinary time earnings before any salary sacrifice contributions are determined.

Fund choice for new enterprise agreements

Enterprise agreements and workplace determinations signed from 1 July 2018 must ensure that employees have full choice of which super fund can receive compulsory employer contributions. Employers will be required to issue new employees with a Standard Choice Form and provide a form to existing members on request. Currently an enterprise agreement can fix which super fund(s) contributions can be made to, and employees are 'deemed' to have made a choice of fund by voting to approve the enterprise agreement.

ATO developments

Single Touch Payroll to start 1 July 2018

Single Touch Payroll is where employers report employee payments and PAYG withholding amounts to the ATO at the time they are paid. Payments include salary, wages, bonuses, termination payments. Employers are also required to report super contributions when they are paid. Employees will be able to see payment details and amounts withheld through their myGov account.

Single Touch Payroll reporting is compulsory from 1 July 2018 for employers with 20 or more employees on 1 April 2018, and the Government intends to extend it to smaller employers from 1 July 2019.

As part of Single Touch Payroll, the Government announced it will introduce streamlined processes for providing TFN declarations and choice of super fund forms. New employees can provide their TFN declaration and can make a choice of fund electronically using their new employer's payroll software, payroll provider or through myGov as part of their commencement process.

Super funds to report to the ATO on a real time basis in 2018

Currently super funds make an annual report to the ATO after the end of the financial year of all the contributions received during the year plus the account balances at the end of the year for all pension and super accounts. For the 1 July 2017 super reforms, the Trustee will make an additional report setting out the values of existing retirement-phase pensions on 30 June 2017, the value of any new pensions plus any withdrawals or commutations from pension accounts after 1 July 2017. This report will be provided on a monthly basis for new pensions and new withdrawals from December 2017.

Over the calendar year 2018 these reports will be replaced by two ongoing reports to the ATO:

- Member Account Attribute Service from April 2018. This provides account identification details to the ATO, such as TFN, member details, account number etc. Once reported to the ATO, only new or changed information will be reported to the ATO within 5 business days the change, such as a new account opening, an account closing, name change etc.
- Member Account Transaction Service after 1 July 2018. This report will provide all contributions received; new pension accounts commenced, and any withdrawals from pension accounts within 10 business days of the transaction occurring. The July report will also include the 30 June values of the withdrawal benefit and the account balance for all super and pension accounts in the Fund.

Where possible information reported by IOOF to the ATO will be uploaded onto the individual's myGov account as soon as available.

Centrelink developments

Income Stream Reviews – direct reporting to Department of Human Services

Currently IOOF provides retirement-phase pension members with a paper Centrelink schedule on commencement and in July each year. All pensioners (including TTR pensioners) can also download a Centrelink schedule as required from Portfolio Online – caps or IOOF Online. Pensioners provide this schedule to Centrelink as part of the Income Stream reviews in August and February.

From July 2018, under changes to the legislation, ongoing paper Centrelink schedules will not be issued in July and IOOF will be required to provide a direct report of all pensions (including TTR Pensions) to the Department of Human Services in July and February. Paper Centrelink schedules will continue to be issued when a pension commences and will still be available to download from Portfolio Online and IOOF Online.

Changes to the IOOF Portfolio Service Superannuation Fund during 2016/17

Changes to the Trust Deed

The Trust Deed for the Fund was not amended during the 2016/17 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

IIML issued PDSs for:

IOOF Pursuit

1 July 2017

- IOOF Pursuit Focus Personal Superannuation
- IOOF Pursuit Focus Allocated Pension
- 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 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 guides for:

IOOF Pursuit insurance guide

1 July 2017

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

1 July 2016

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

IOOF insurance guide

1 July 2017

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

1 July 2016

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

IOOF Pursuit Select investment guide

1 July 2017

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

1 July 2016

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

IOOF Pursuit Focus investment guide

1 July 2017

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

1 July 2016

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

IOOF Pursuit Core investment guide

1 July 2017

- IOOF Pursuit Core Personal Superannuation
- IOOF Pursuit Core Allocated Pension
- IOOF Pursuit Core Term Allocated Pension

1 July 2016

- IOOF Pursuit Core Personal Superannuation
- IOOF Pursuit Core Allocated Pension
- IOOF Pursuit Core Term Allocated Pension

IOOF LifeTrack investment guide

1 July 2017

- IOOF LifeTrack Cashback Pension
- IOOF LifeTrack Personal Superannuation
- IOOF LifeTrack Complying Pension

IOOF investment guide

1 July 2017

- IOOF Portfolio Service Personal Superannuation
- IOOF Portfolio Service Allocated Pension
- Financial Partnership Portfolio Service Personal Superannuation
- Financial Partnership Portfolio Service Allocated Pension
- IOOF Portfolio Service Wholesale Personal Superannuation
- IOOF Portfolio Service Wholesale Allocated Pension
- IOOF Portfolio Service Term Allocated Pension
- Bendigo Financial Solutions Personal Superannuation
- Bendigo Financial Solutions Allocated Pension
- Bendigo Financial Solutions Term Allocated Pension

IOOF Pursuit general reference guide

1 July 2017

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

IIML issued forms booklets for:

IOOF Pursuit

1 July 2017

- IOOF Pursuit Focus Personal Superannuation
- IOOF Pursuit Focus Allocated Pension
- 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 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 PDSs for:

IOOF Employer Super (including sub-plans)

1 July 2017

- IOOF Employer Super - Personal and Employer Superannuation
- IOOF Employer Super - Pension
- Bendigo and Adelaide Bank Staff Superannuation Plan - Personal and Employer Superannuation
- Bendigo and Adelaide Bank Staff Superannuation Plan - Pension
- Medical and associated Professions Superannuation Fund - Personal and Employer Superannuation
- Medical and associated Professions Superannuation Fund - Pension
- Pitcher Partners Superannuation Fund Superannuation - Personal and Employer Superannuation
- Pitcher Partners Superannuation Fund Superannuation – Pension

AustChoice Super

1 July 2017

- AustChoice Super – Pension

IIML issued forms booklets for:

IOOF Employer Super (including sub-plans)

1 July 2017

- IOOF Employer Super - Pension
- Bendigo and Adelaide Bank Staff Superannuation Plan – Pension
- Medical and associated Professions Superannuation Fund – Pension
- Pitcher Partners Superannuation Fund Superannuation – Pension

AustChoice Super

1 July 2017

- AustChoice Super – Pension

IIML issued guides for:

IOOF Employer Super (and sub-plans) general reference guides (Personal / Employer Superannuation and Pension products)

1 July 2017

- IOOF Employer Super general reference guide (IOF.02)
- Bendigo and Adelaide Bank Staff Superannuation Plan (SSB.13)
- Medical and associated Professions Superannuation Fund (MAP.02)
- Pitcher Partners Superannuation Fund (PPS.02)

Investment guides (Personal / Employer Superannuation and Pension products)

1 July 2017

- IOOF Employer Super investment guide (IOF.01)
- Bendigo and Adelaide Bank Staff Superannuation Plan (SSB.11)
- Medical and associated Professions Superannuation Fund (MAP.01)
- Pitcher Partners Superannuation Fund (PPS.03)

Insurance guides (Personal and Employer Superannuation products)

1 July 2017

- IOOF Employer Super insurance guide (IOF.03)
- Bendigo and Adelaide Bank Staff Superannuation Plan (SSB.18)
- Medical and associated Professions Superannuation Fund (MAP.03)
- Pitcher Partners Superannuation Fund (PPS.01)

AustChoice Super

1 July 2017

- AustChoice Super general reference guide (ACH.02)
- AustChoice Super investment guide (ACH.01)
- AustChoice Super insurance booklet

IIML issued PDS and Forms booklets for:

IOOF Employer Super (including sub-plans)

21 November 2016

- IOOF Employer Super - Personal and Employer Superannuation
- IOOF Employer Super - Pension
- Bendigo and Adelaide Bank Staff Superannuation Plan - Personal and Employer Superannuation
- Bendigo and Adelaide Bank Staff Superannuation Plan - Pension
- Medical and associated Professions Superannuation Fund - Personal and Employer Superannuation
- Medical and associated Professions Superannuation Fund – Pension
- Pitcher Partners Superannuation Fund Superannuation - Personal and Employer Superannuation
- Pitcher Partners Superannuation Fund Superannuation – Pension

AustChoice Super

- AustChoice Super – Pension

IIML issued guides for:

IOOF Employer Super (and sub-plans)

21 November 2016

General reference guides (Personal / Employer Superannuation and Pension products)

- IOOF Employer Super general reference guide (IOF.02)
- Bendigo and Adelaide Bank Staff Superannuation Plan (SSB.13)
- Medical and associated Professions Superannuation Fund (MAP.02)
- Pitcher Partners Superannuation Fund (PPS.02)

Investment guides (Personal / Employer Superannuation and Pension products)

- IOOF Employer Super investment guide (IOF.01)
- Bendigo and Adelaide Bank Staff Superannuation Plan (SSB.11)
- Medical and associated Professions Superannuation Fund (MAP.01)
- Pitcher Partners Superannuation Fund (PPS.03)

Insurance guides (Personal and Employer Superannuation products)

- IOOF Employer Super insurance guide (IOF.03)
- Bendigo and Adelaide Bank Staff Superannuation Plan (SSB.18)
- Medical and associated Professions Superannuation Fund (MAP.03)
- Pitcher Partners Superannuation Fund (PPS.01)

AustChoice Super

- AustChoice Super general reference guide (ACH.02)
- AustChoice Super investment guide (ACH.01)
- AustChoice Super insurance booklet

Product updates

Twice-Monthly Term Deposits for Pursuit

Adelaide Bank and NAB term deposits purchase frequency will be increased from monthly to twice monthly. The purchase date for each new investment is as follows:

- 1st day of each month (or the next business day if the 1st falls on a non-business day).
- 15th day of each month (or the next business day if the 15th falls on a non-business day).

Automatic Re-weight Facility for Pursuit– Standing instruction

With the assistance of your adviser, you can nominate to set up an Automatic Re-weight Facility (ARF) standing instruction via Portfolio Online (POL). Alternatively you can complete and submit the instruction via the Investment Instructions form available from our website www.ioof.com.au. With the ARF, you can choose to re-weight your managed investments and Cash Account only to a desired weighting percentage allocation or in line with your primary instruction allocation, provided it is in place and all managed investments are available for trading. Automatic re-weights will occur on the 20th business day of the month and you can choose your frequency from quarterly, half yearly or yearly. Please note that your adviser can place, as well as modify, an ARF standing instruction on POL at any time. Provided you have a valid email address on POL, you will receive an email notification each time your adviser submits an ARF standing instruction. You are also able to log directly into POL at any time to view further details

Timing of accrued tax debits and credits on IOOF Employer Super (including sub-plans) – April 2017

There has been a change to the timing of when we deduct and credit tax in members' accounts for contributions, income or expenses. Tax is now processed on a monthly basis from 30 April 2017. We will now deduct and credit tax in member's accounts to reflect the frequency 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.

Standing Instructions update for IOOF Employer Super and sub-plans – November 2016

We have made a number of enhancements to offer you more control over managing your account. We have made changes to how contributions, rollovers and income are invested and how we top up your Cash Account. With these changes we will look at each contribution or rollover and invest it as per your Deposit Instruction with a minimum allocation of one percent to the Cash Account; and if your Cash Account needs to be topped up, we will use your Top Up instruction.

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 2016/17. 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
ACM0001AU	AB Dynamic Global Fixed Income Fund
ACM0009AU	AB Global Equities Fund
NML0001AU	AMP Capital Wholesale Australian Property Fund
APN0023AU	APN Asian REIT Fund
PER0634AU	AQR Wholesale Managed Futures Fund - Class 1P
MAQ0464AU	Arrowstreet Global Equities Fund
COL0029AU	Atrium Evolution Series - Diversified Fund AEF 5
COL0030AU	Atrium Evolution Series - Diversified Fund AEF 7
COL0031AU	Atrium Evolution Series - Diversified Fund AEF 9
STL0055AU	Bendigo Socially Responsible Growth Fund
CIM0006AU	Capital Group New Perspectives Fund
CIM0008AU	Capital Group New Perspectives Fund (Hedged)
IML0005AU	Investors Mutual Equity Income Fund
IOF0253AU	IOOF MultiSeries 30
IOF0254AU	IOOF MultiSeries 50
IOF0255AU	IOOF MultiSeries 90
SSB0043AU	Legg Mason Martin Currie Equity Income Fund
MAQ0820AU	Macquarie Dividend Run-Up Fund
MPL0008AU	Maple-Brown Abbott Global Listed Infrastructure Fund - Hedged
MPL0006AU	Maple-Brown Abbott Global Listed Infrastructure Fund

APIR Code	Investment option name
MON0001AU	Monash Absolute Investment Fund
GSF0008AU	Payden Global Income Opportunities Fund
WPC0002AU	Peters MacGregor Global Fund
ETL0458AU	PIMCO Income Fund
WHT0061AU	Plato Global Shares Income Fund
WHT0063AU	Plato Global Shares Income Fund (Managed Risk)
ETL0381AU	Robeco Emerging Conservative Equity Fund
WPC0005AU	Specialist Australian Small Companies Fund
WPC0014AU	Specialist Dynamic Allocation Fund
WPC0011AU	Specialist Global Shares Fund
MMC0102AU	Specialist Income Fund
WPC0012AU	Specialist Property Fund
WHT0066AU	Spheria Australian Microcap Fund
WHT0008AU	Spheria Australian Smaller Companies Fund
SST0048AU	State Street Australian Equity Fund
SST0050AU	State Street Global Equities Fund
DFA0008AU	Strategic Australian Equity Fund
WPC0028AU	Strategic Cash Plus Fund
DFA0015AU	Strategic Fixed Interest Fund
DFA0006AU	Strategic Global Property Fund
DFA0007AU	Strategic International Equity Fund
WMF0001AU	Watermark Neutral Trust
HOW0053AU	Wavestone Dynamic Australian Equity Fund
WSF0547AU	Wingate Global Equity Fund - Hedged
AUS0035AU	Wingate Global Equity Fund - Wholesale Units

Removed investment options

APIR Code	Investment option name
AUS0108AU	Acorn Capital Microcap Fund
AMP0255AU	AMP Capital Listed Property Trusts Fund (Class A)
NML0061AU	AMP Capital Wholesale Australian Equity – Value Fund
FRT0009AU	Franklin Global Growth Fund (W Class)
ZUR0061AU	Zurich Investments Global Thematic Share Fund
ZUR0517AU	Zurich Investments Hedged Global Thematic Share Fund
MLT0005AU	Challenger Guaranteed Income Fund – 4.55 cents pa 30 September 2017 (MVS1)
JBW0014AU	Goldman Sachs International Wholesale Fund
ASC0001AU	Smallco Investment Fund
ASK1209AU	Morningstar Multi-Asset All Growth Fund
ASK1212AU	Morningstar Multi-Asset Defensive Fund
INT0095AU	Morningstar Diversified Alternatives 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 2017:

Aberdeen Asset Management Limited
Acadian Asset Management (Australia) Limited
Acorn Capital Limited
Adelaide Bank Limited
Allan Gray Australia Pty Ltd
AllianceBernstein Australia Limited
Alpha Fund Managers Pty Ltd
Alphinity Investment Management Pty Limited
Altius Asset Management Pty Ltd
American Century Investments
AMP Capital Investors Limited
Antares Capital Partners Ltd
Antipodes Partners Limited
APN Funds Management Limited
AQR Capital Management, LLC
Arrowstreet Capital, L.P.
Aspect Capital Limited
Ausbil Investment Management Limited
Australian Ethical Investment Ltd
Australian Unity Investments
AXA Australia
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 (Institutional) Limited
Candriam Sustainable Global Equity Fund
Capital International, Inc

Celeste Funds Management Limited
Challenger Managed Investments Limited
Charter Hall Direct Property Management Limited
Colonial First State Investments Limited
Delaware Investment Advisers
Deutsche Australia Limited
Eley Griffiths Group Pty Limited
Epoch Investment Partners, Inc
FIL Limited
Franklin Templeton Investments Australia Limited
Global Thematic Partners LLC
Goldman Sachs Asset Management Australia Pty Ltd
Greencape Capital Pty Ltd
Henderson Global Investors (Australia) Institutional Funds Management Limited
Hunter Hall Investment Management Limited
Hyperion Asset Management Limited
Independent Franchise Partners LLP
Integrity Investment Management Australia Limited
Invesco Australia Ltd
Investors Mutual Limited
IOOF Investment Management Limited
J O Hambro Capital Management Limited
JPMorgan Asset Management (Australia) Limited
Kapstream Capital Pty Ltd
Lazard Asset Management LLC.
Lazard Asset Management Pacific Co
Legg Mason Asset Management Australia Limited
LM Investment Management Ltd
Macquarie Investment Management Global Limited
Magellan Asset Management Limited
Maple-Brown Abbott Limited
MAPP Pty Ltd
Merlon Capital Partners Pty Limited
MFS Investment Management

MLC Investments Limited
Monash Investors Pty Ltd
Morningstar Investment Management Australia Limited
Morphic Asset Management Pty Limited
National Australia Bank Limited
Nikko AM Limited
Norwich Union Life Australia Limited
NovaPort Capital Pty Limited
OC Funds Management
OnePath Funds Management Limited
Orion Asset Management Limited
Paradice Investment Management Pty Ltd
Payden & Rygel Global Limited
Pengana Capital Ltd
Perennial Investment Partners Limited
Perennial Value Management Limited
Perpetual Investment Management Limited
PIMCO Australia Pty Limited
Platinum Asset Management
Plato Investment Management Limited
Platypus Asset Management Limited
Prime Value Asset Management Limited
Principal Global Investors (Australia) Limited
RARE Infrastructure Limited
RealindexInvestments Pty Limited
Resolution Capital Limited
Robeco Hong Kong Limited
Russell Investment Management Ltd
Sandhurst Trustees Limited
Schroder Investment Management Australia Limited
Schroder Investment Management Ltd
Schroder Investment Management Singapore Ltd
SG Hiscock & Company Limited
Smallco Investment Manager Limited

Solaris Investment Management Limited
Spheria Asset Management
State Street Global Advisors, Australia, Limited
T. Rowe Price Global Investments Limited
Tribeca Investment Management Limited
UBS Asset Management (Australia) Ltd
Value Partners Hong Kong Limited
van Eyk Research Limited
Vanguard Investments Australia Ltd
Ventura Investment Management Limited
Walter Scott & Partners Limited
Watermark Funds Management
Wavestone Capital
Wellington Management Company, LLP
Wells Capital Management Inc.
Western Asset Management Company Pty Ltd
Wingate Asset Management Pty Ltd
Winton Capital Management Limited
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 2016/17, 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) (retired 24 November 2016)

Ms Jane Margaret Harvey (resigned 17 March 2017)

Mr George Venardos (Chairman from 24 November 2016)

Mr Christopher Francis Kelaher

Mr Allan Raymond Griffiths (resigned 31 January 2017)

Ms Elizabeth Mary Flynn (resigned 31 January 2017, reappointed 29 August 2017)

Mr Martin Walsh (appointed 31 January 2017)

Ms Dawn Patricia Oldham (appointed 31 January 2017)

John Selak (appointed 31 January 2017)

Policy committees

This section applies to members of IOOF Employer Super, Medical & Associated Professions Superannuation Fund, the Bendigo and Adelaide Bank Staff Superannuation Plan, Pitcher Partners 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 264

Melbourne VIC 3001

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 to medium -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 online services by logging onto your myGov account; selecting the ATO linked service; and then 'Manage my super'. If you do not have a myGov account you can create it on <http://www.mygov.gov.au>.

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 36 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 2017.

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 unmodified audit report in respect of the financial statements.

Extract of accounts for the year ended 30 June	2017 (\$'000)	2016 (\$'000)
Revenue		
Investment income	2,109,112	522,158
Sundry income	90,531	88,833
Employer contributions	709,931	712,020
Member contributions	800,948	460,161
Transfers from other funds	1,421,641	6,975,157
Total revenue	5,132,163	8,758,329
Expenses		
Benefits paid	2,837,704	2,524,114
Management fees	303,922	218,265
General administration expenses	4,389	3,815
Group life and income protection premiums	149,509	158,050
Superannuation contributions surcharge	(1)	1
Income tax expense	70,497	43,186
Total expenses	3,366,020	2,947,431
Increase in members' funds	1,766,143	5,810,898
Balance brought forward	23,851,959	18,041,061
Net Assets available for Member Benefits	25,618,102	23,851,959
<i>Represented by</i>		
Assets		
Investments	24,455,318	22,774,299
Cash and cash equivalents	246,584	285,513
Sundry debtors	1,052,617	898,221
Deferred tax asset	-	31,148
Total assets	25,754,519	23,989,181
Liabilities		
Creditors and accruals	52,443	43,417
Income tax payable	57,770	93,805
Deferred tax liability	26,202	-
Total liabilities	136,415	137,222
Member benefits	25,506,230	23,720,498
Net assets	111,874	131,461

Extract of accounts for the year ended 30 June	2017 (\$'000)	2016 (\$'000)
Equity		
General reserve	53,943	54,347
Tax reserve	(7,915)	12,417
Operational risk financial requirement reserve	60,120	59,045
Defined benefit over/(under) funded	5,726	5,652
Total equity	111,874	131,461

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 three years are as follows:

Reserves	2017(\$'000)	2016(\$'000)	2015(\$'000)
Opening balance	131,461	94,125	90,893
Transfer to/(from) reserves	(19,587)	37,336	3,232
Closing balance	111,874	131,461	94,125

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. Investment earnings generated by the ORFR are credited to the ORFR account. The ORFR may be invested in:

- Cash and / or cash equivalents;
- Unlisted unit cash trusts; and
- Term deposits.

As part of the Trustee's regular review of the Fund's investment strategy, the Product Investment Committee and the Trustee will review and revise, as necessary, the investment strategy of the ORFR.

ORFR Reserve	2017(\$'000)	2016(\$'000)	2015(\$'000)
Opening balance	59,045	31,098	13,829
Transfer to reserves	1,075	27,947	17,269
Closing balance	60,120	59,045	31,098

Should an operational risk event occur in the future, additional deductions against member's accounts may be required to restore the Operational Risk Financial Reserve (ORFR) back to the target amount.

Concentration of assets of the Fund

As at 30 June 2017, the following underlying investments exceeded five per cent of the total assets of the Fund:

Investment

- IOOF MultiMix Balanced Growth Trust
- IOOF Balanced Investor 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 Cash and Income Fund ARSN 087 727 277 and The Cash Management Fund ARSN 089 508 636, 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 IOOF Cash and Income Fund and the Cash Management Fund, for managing the assets of the Cash and Income Fund and the Cash Management Fund before it is credited to the Cash Account.

As at 30 June 2017, the indirect management cost is shown below. This cost is indirectly borne by members.

	%
Bendigo Financial Solutions	0.60
Financial Partnership Portfolio Service	0.60
IOOF Portfolio Service	0.60
IOOF LifeTrack	0.58
IOOF Pursuit Focus	0.60
IOOF Pursuit Select	0.60
IOOF Pursuit Core	0.60

Indirect Management Costs applying to the Cash Account (specific 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 Cash Management Trust ARSN 105 788 501 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 IOOF Cash Management Trust, for managing the assets of the IOOF Cash Management Trust before it is credited to the Cash Account.

As at 30 June 2017, the indirect management cost is shown below. This cost is indirectly borne by members.

	%
IOOF Employer Super	0.22
Medical & Associated Professions Superannuation Fund	0.22
Bendigo and Adelaide Bank Staff Superannuation Plan	0.22
Pitcher Partners Superannuation (previously JR Superannuation Fund)	0.22
AustChoice Super	0.22

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, and swaps. The Trustee has controls and procedures in place relating to the investment managers' derivative use in order to ensure that it is suitable to the Trustee's and its members' own investment strategies and objectives.

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 264, Melbourne VIC 3001

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 062 963

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

Flight Centre

Telephone: 1800 571 830

Postal address: GPO Box 264, Melbourne VIC 3001

Fax: 03 8614 4431

Email: flightcentresuper@ioof.com.au

Website: flightcentresuper.com.au

IOOF Portfolio Service

Telephone: 1800 062 963
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Fax: 1800 558 539
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Website: www.ioof.com.au

IOOF Pursuit Select, IOOF Pursuit Core and IOOF Pursuit Focus

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Website: www.ioof.com.au

IOOF Employer Super

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Website: www.ioof.com.au

MAP Super

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Email: employersuper@ioof.com.au
Website: www.mapsuper.com.au

Pitcher Partners

Telephone: (07) 3222 8444
Postal address: GPO Box 264, Melbourne VIC 3001
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
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Website: www.bendigostaffsuper.com.au

