

# PERPETUAL'S SELECT SUPERANNUATION FUND

Perpetual Select Super Plan  
Perpetual Select Pension Plan  
Perpetual MySuper

**Annual Report**

**ANNUAL REPORT**  
**YEAR ENDED 30 JUNE 2018**  
Perpetual Superannuation Limited  
ABN 84 008 416 831 AFSL 225246 RSE L0003315

Perpetual 

## DIRECTORY

### FUND

Perpetual's Select Superannuation Fund (Fund)  
ABN 51 068 260 563  
RSE R1057034

### PRODUCTS

Perpetual Select Super Plan (Super Plan)  
SPIN/USI PER0138AU

Perpetual Select Pension Plan (Pension Plan)  
SPIN/USI PER0279AU (Term Allocated Pension)  
SPIN/USI PER0405AU (Account Based Pension)

Perpetual MySuper (MySuper)  
MySuper product authorisation number 51068260563643  
SPIN/USI PER0705AU

### ISSUER AND TRUSTEE

Perpetual Superannuation Limited (Trustee)  
ABN 84 008 416 831  
AFSL 225246  
RSE L0003315

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[www.perpetual.com.au/mysuper](http://www.perpetual.com.au/mysuper)

### IMPORTANT NOTES AND DISCLAIMER

This Annual Report (Report) provides the fund information required under the Corporations Act 2001 and has been prepared by the Trustee in September 2018 for members of the Fund. In this Report, 'we', 'us', 'our' and 'Perpetual Superannuation' are references to the Trustee.

The information is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. The information is believed to be accurate at the date this Report was prepared and is provided by the Trustee in good faith. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

Neither we nor any company in the Perpetual Group guarantee that you will earn any return on your investment or that your investment will gain in value or retain its value. Investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and capital invested.

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# DIRECTORS' MESSAGE

Dear Member

On behalf of the Trustee of Perpetual's Select Superannuation Fund, we are pleased to present the Fund's Annual Report for the year ended 30 June 2018. The Fund consists of the following products:

- Perpetual Select Super Plan (Super Plan)
- Perpetual Select Pension Plan (Pension Plan)
- Perpetual MySuper (MySuper).

This Report should be read in conjunction with your Annual Statement for the year ended 30 June 2018, which details your specific benefit entitlements under the Fund.

This Report brings you up to date with relevant details relating to the Fund (including the investment options available to members) and recent product changes (see page 5 for details). It also provides information on important changes in the superannuation environment (see pages 2-4 for details).

The Super Plan and Pension Plan enable you to access a broad range of investment options that have been selected, diversified and blended by our Select investment team in keeping with our prudent investment philosophy. Each investment option's risk and return profile has been carefully constructed so you can choose the right one to suit your own circumstances and objectives.

MySuper is designed primarily for (but not limited to) employees who have not nominated a superannuation fund to receive compulsory contributions from their employer. MySuper provides a single diversified investment strategy and default insurance cover.

If you are a Super Plan or MySuper member and have other superannuation accounts you may like to consider consolidating them into your Super Plan or MySuper account, as applicable. This should make it easier to keep track of your superannuation and may save you on total fees and costs. You can download a Transfer Authority form from our website at [www.perpetual.com.au/forms](http://www.perpetual.com.au/forms) or phone us on 1800 003 001 to request a form. We recommend you speak with your financial adviser about whether this is appropriate for you.

Thank you for entrusting us to look after your superannuation and retirement savings.

Directors, Perpetual Superannuation Limited

# SUPERANNUATION CHANGES

## INDEXATION OF SUPERANNUATION LIMITS AND THRESHOLDS

The following superannuation limits and thresholds have been set by the Australian Taxation Office (ATO) for the 2018/2019 financial year.

LIMIT/THRESHOLD	2017/2018	2018/2019
Concessional contributions cap	\$25,000 <sup>1</sup>	\$25,000 <sup>1</sup>
Non-concessional contributions cap	\$100,000 <sup>2</sup>	\$100,000 <sup>2</sup>
Government co-contribution <sup>3</sup> :		
Lower income threshold	\$36,813	\$37,697
Higher income threshold	\$51,813	\$52,697
Limit on capital gains tax concession on disposal of eligible assets by qualifying small business owners <sup>4</sup>	\$1,445,000	\$1,480,000
Low-rate cap <sup>5</sup> for the taxable component of lump sum benefit payments for members aged 58-59 (2017/2018) and 59 (2018/2019)	\$200,000	\$205,000
Income stream total account balance limit <sup>6</sup>	\$1,600,000	\$1,600,000

- This amount will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) once the increase in the indexed amount is greater than \$2,500. Members with a total superannuation balance of less than \$500,000 on 30 June of the previous financial year who have not fully utilised their concessional contributions cap in the 2018/2019 or subsequent financial years will be able to carry forward the unused cap amounts on a rolling five consecutive year basis to make additional concessional contributions. The 2019/2020 financial year will be the first time that additional concessional contributions will be able to be made.
- The non-concessional contributions cap is four times the general concessional contributions cap. Members with a total superannuation balance of \$1.6 million or more on 30 June of the previous financial year will not be eligible to make non-concessional contributions in that financial year. Members under age 65 will be eligible to bring forward two or three years of non-concessional contributions depending on their total superannuation balance.
- The co-contribution rate is 50%, with a maximum \$500 co-contribution on personal non-concessional contributions up to \$1,000 made by individuals with a total income up to the lower income threshold, which reduces by 3.333 cents for every \$1 of total income up to the higher income threshold where it ceases to apply. The higher income threshold is set at \$15,000 above the (indexed) lower income threshold. Members must have a total superannuation balance less than \$1.6 million on 30 June of the previous financial year and cannot exceed their non-concessional contributions cap in the relevant financial year to be eligible to receive co-contributions.
- The capital gains tax concession is a lifetime limit and will be indexed in line with AWOTE in multiples of \$5,000.
- The low-rate cap is a lifetime limit and will be indexed in line with AWOTE in multiples of \$5,000.
- A transfer balance cap applies to the total amount of accumulated superannuation that a member can transfer into the retirement (income stream) phase. The general transfer balance cap will be indexed in line with the Consumer Price Index (CPI) in \$100,000 increments.

## TAX ON BENEFITS PAID TO MEMBERS

When a superannuation benefit is received, it may include both tax-free and taxable components, calculated in the same proportions as the total account balance immediately before the payment.

The taxable portion of any superannuation lump sum or pension benefit is subject to tax depending on your age when received. Since the sliding preservation age scale for people born between 1 July 1960 and 30 June 1964 started to apply from 1 July 2015, the age scales applicable to the taxable component for people under age 60 will continue to increase progressively over the next two years, as shown in the following tables.

This means that from the 2019/2020 financial year, the tax treatment on the taxable component of any superannuation lump sum or pension benefit will depend on whether you are under age 60 or aged 60 and over when the benefit is received.

### TAX ON TAXABLE COMPONENT OF LUMP SUM BENEFITS

FINANCIAL YEAR	TAX TREATMENT		
	TAXED AT 20% <sup>7</sup>	BALANCE ABOVE THE LOW-RATE CAP TAXED AT 15% <sup>7</sup>	TAX-FREE
2017/2018	Under 58	58-59	60 and over
2018/2019	Under 59	59	60 and over
2019/2020	Under 60	n/a	60 and over

### TAX ON TAXABLE COMPONENT OF PENSION BENEFITS

FINANCIAL YEAR	TAX TREATMENT		
	TAXABLE AT MARGINAL TAX RATE <sup>7</sup>	TAXABLE AT MARGINAL TAX RATE LESS 15% TAX OFFSET <sup>7</sup>	TAX-FREE
2017/2018	Under 58	58-59	60 and over
2018/2019	Under 59	59	60 and over
2019/2020	Under 60	n/a	60 and over

<sup>7</sup> Plus Medicare levy.

## COMMENCEMENT OF SUPERANNUATION CATCH-UP MEASURE

From 1 July 2018, individuals with superannuation account balances below \$500,000 will be able to 'catch up' on their retirement savings by accessing unused portions of their concessional contributions cap. These unused portions can be carried forward for five years to enable extra contributions from 2019-20 onwards where people have the financial capacity to do so.

## DOWNSIER CONTRIBUTIONS

From 1 July 2018, members aged 65 or over can make additional contributions of up to \$300,000 from the proceeds following the sale of their principal residence on or after 1 July 2018 (which they must have owned for the past 10 or more years), provided they meet the qualifying criteria<sup>8</sup> and:

- both members of a couple can contribute in respect of the same house
- the contribution amount is exempt from the superannuation age and work tests normally applying after age 65 and the \$1.6 million total super balance test for making non-concessional contributions
- the contribution amount is **not** exempt from the Centrelink age pension assets test.

<sup>8</sup> The contribution must be made to the super fund within 90 days generally from the date of settlement. The individual must also ensure that the fund is aware that the contribution is being made under this provision before or when making the contribution and provide a completed 'Downsizer contribution into superannuation' form (available from the ATO website).

## FEDERAL BUDGET 2018 – PROPOSED CHANGES AFFECTING SUPERANNUATION

On 8 May 2018, the Federal Government announced as part of its 2018 Budget the following proposed changes affecting superannuation which, if implemented through the passing of appropriate supporting legislation, will impact some members.

### 'PROTECTING YOUR SUPER PACKAGE'

The Government has announced the following three key measures designed to protect members' super benefits.

### CHANGES TO INSURANCE IN SUPER

From 1 July 2019, default insurance arrangements within super where a member automatically receives insurance cover unless they opt-out will move to an **opt-in basis** for:

- all members with balances less than \$6,000
- new members who are under age 25
- all members with inactive accounts that have not received a contribution in 13 months.

Each super fund will be required to notify affected members on or before 1 May 2019 of the changes to give these members an opportunity to elect to continue to have insurance coverage beyond 1 July 2019 through their fund.

These changes are designed to allow eligible members who want insurance to obtain cover, whilst:

- protecting the retirement savings of young people and those with low balances by ensuring their super is not unnecessarily eroded by premiums on insurance policies they do not need or may not be aware of
- reducing the incidence of duplicated cover so that individuals are not paying for multiple insurance policies, which they may not be able to claim on.

## CONSOLIDATION OF SMALL AND INACTIVE ACCOUNTS

From 1 July 2019, super funds will be required to transfer to the ATO all member accounts with balances below \$6,000 that have been inactive for 13 months and insurance cover is not being provided on the account. The ATO will expand its data matching process to proactively reunite these inactive accounts with a member's current active account, where possible.

### CAP ON PASSIVE FEES AND BAN ON EXIT FEES

From 1 July 2019, there will be:

- a 3% annual cap on **passive fees** (total investment and administration fees) on accounts with balances below \$6,000
- a ban on **exit fees** for all super accounts.

## SUPERANNUATION GUARANTEE (SG) OPT-OUT FOR HIGH INCOME EARNERS WITH MULTIPLE EMPLOYERS

From 1 July 2018, the Government will allow individuals who have multiple employers and income in excess of \$263,157 (based on the current 9.5% SG contribution rate and \$25,000 annual concessional contributions cap) to nominate that their wages from certain employers are not subject to the SG.

This measure is intended to allow eligible individuals to avoid unintentionally breaching the annual concessional contributions cap (and incurring the relevant tax penalties) as a result of compulsory SG contributions being made by multiple employers. Employees who use this measure could negotiate with their employer to receive additional income instead, which is taxed at marginal tax rates.

## TAX DEDUCTIONS FOR PERSONAL CONTRIBUTIONS

It has been identified by the ATO that some individuals currently claim and receive tax deductions on their personal contributions despite having not notified their super fund of their intent to do so in order that the fund can apply the appropriate 15% tax to those contributions. The ATO will develop new integrity models and undertake additional compliance activity to enable it to deny deductions to individuals who do not comply with the fund notification requirement. This measure will commence from 1 July 2018.

## EXEMPTION FROM THE WORK TEST FOR MEMBERS AGED 65-74

Currently, the work test restricts the ability to make voluntary superannuation contributions for individuals aged 65 to 74 to those working a minimum of 40 hours in any 30-day period during the financial year.

From 1 July 2019, there will be an exemption from the work test for voluntary contributions for individuals aged 65 to 74 with balances below \$300,000 in the first year they do not meet the work test requirements, subject to the existing contribution cap rules. This work test exemption is intended to give recent retirees additional flexibility to get their financial affairs in order during their transition to retirement.

## **RETIREMENT INCOME STRATEGY**

The Government will amend the Superannuation Industry (Supervision) Act 1993 to introduce a retirement covenant that will require superannuation trustees to:

- formulate a retirement income strategy for fund members
- offer comprehensive retirement income products.

The Government will also amend the Corporations Act 2001 to introduce a requirement for providers of retirement income products to report simplified, standardised metrics in product disclosure to assist customer decision making.

No commencement date has been set for these measures.

## **'DO-IT-YOURSELF' SUPERANNUATION FUNDS**

From 1 July 2019, the maximum number of members in a Small APRA Fund (SAF) or Self Managed Superannuation Fund (SMSF) will be extended from four to six members.

If you are considering opening a SAF or SMSF, Perpetual can provide the following supporting services:

- Perpetual Small APRA Fund Service (also provided by Perpetual Superannuation Limited) – a comprehensive trustee, fund, investment administration and asset custody service for SAFs
- Perpetual Self Managed Super Fund Service (provided by Perpetual Trustee Company Limited ABN 42 000 001 007 AFSL 236643) – assists trustees of SMSFs to effectively manage the operations and compliance of their fund.

Please contact us if you would like further information about these services.

# PRODUCT UPDATE

## GENERAL

### PRODUCT DISCLOSURE STATEMENTS (PDS)

#### SUPER PLAN AND PENSION PLAN

The current PDS for Perpetual Select Super Plan and Pension Plan was issued on 1 June 2017.

#### MYSUPER

The PDS for Perpetual MySuper was reissued on 1 April 2018 to accommodate several fee reductions (see 'MySuper fee reductions' below) effective from that date.

#### LATEST INFORMATION ABOUT FEES AND COSTS

You can download the current PDSs (including any PDS updates), together with any incorporated documents, from our website or obtain a copy, free of charge, by contacting us or your adviser.

The current PDSs include all direct and indirect annual fees and estimated costs (based on the previous financial year) as at the date of the PDS. The following details for subsequently completed financial years are published annually on our website:

- investment fees
- administration fees
- estimated indirect cost ratio
- estimated transaction costs.

## FEES AND COSTS

### MYSUPER FEE REDUCTIONS

The investment fee, percentage-based administration fee and exit fee were reduced from 1 April 2018, as shown in the following table:

MYSUPER FEE	BEFORE 1 APRIL 2018	FROM 1 APRIL 2018
Investment fee	0.50% pa	0.40% pa
Administration fee	0.75% pa	0.30% pa
Exit fee	\$51.25	Nil

The dollar-based component of the administration fee (\$5.00 per month/\$60.00 annually) for MySuper is unchanged.

### CONTRIBUTION FEES

Super Plan members who joined before January 2014 are able to negotiate the amount of any contribution fees currently being charged on contributions, including a reduction of this fee to nil, by contacting us or your adviser.

## INDEXATION OF FEE AMOUNTS

The following amounts have been increased in line with cumulative increases in the Consumer Price Index (CPI).

### ADMINISTRATION FEES

With effect from 1 July 2018, the administration fee for the Super Plan and Pension Plan has increased from \$10.09 per month (\$121.08 annually) to \$10.28 per month (\$123.36 annually).

The dollar-based component of the administration fee (\$5.00 per month/\$60.00 annually) for MySuper is unchanged.

### INVESTMENT FEE - BASE FEE REBATES

Rebates on the base fee component of the investment fee are available to Super Plan and Pension Plan members with large account balances. Qualifying levels have been increased from 1 July 2018, as follows:

VALUE OF INVESTMENT		REBATE % PA (UNCHANGED)
OLD QUALIFYING LEVEL	NEW QUALIFYING LEVEL	
\$271,100	\$276,300	Nil
\$633,300	\$645,300	0.50%
\$904,400	\$921,600	1.15%

## APRA LEVY

It is estimated that the application of the annual APRA levy to the Fund will result in a cost of approximately 0.01% for each of the Fund's investment options (except MySuper - Balanced Growth) when charged as an expense recovery during the 2018/2019 financial year.

## SUPER PLAN AND MYSUPER

### CHANGES TO INSURANCE

The following changes to insurance took effect from 1 July 2018. These changes were previously communicated to affected Super Plan and MySuper members in May 2018.

Details of the current insurance available to Super Plan and MySuper members, including updated insurance premium rate tables, can be found in the respective 'Insurance in your super' documents reissued on 1 July 2018, which you can download from our website or obtain a copy by contacting us or your adviser.

An updated insurance policy document which contains the amended terms and conditions can be obtained free of charge by contacting us.

**INSURANCE PREMIUM RATES**

Insurance premium rates were reduced from 1 July 2018 across all cover types. The average reductions to premium rates for the various types of insurance cover are shown in the following table.

TYPE OF INSURANCE COVER	AVERAGE PREMIUM REDUCTION
Death only	22%
Total and permanent disablement (TPD) only	22%
Combined death/TPD	22%
Salary continuance insurance (SCI)	18%

If you have death, TPD and/or SCI cover under the Super Plan or MySuper, your Annual Statement contains details of your new annual premium rates from 1 July 2018.

**INSURANCE ADMINISTRATION FEES**

With effect from 1 July 2018, the amount paid by the insurer to the Perpetual Group for services and reimbursement of expenses incurred in relation to the insurance arrangements for the Fund has reduced from 33.55% to 16.5% (inclusive of GST) of the standard insurance premiums.

**INSURANCE POLICY TERMS AND CONDITIONS**

**DEFAULT OCCUPATIONAL LOADING FACTOR**

Your insurance premiums are based on several factors, one of which is your occupation. Different occupational loading factors apply to your premiums depending on which of the following occupational categories applies to your occupation:

- professional
- white collar
- light blue collar
- blue collar
- heavy blue collar.

If we weren't advised of your occupation details up until 30 June 2018, the default occupational loading factor applied to your premiums was 'white collar'. From 1 July 2018, the default occupational loading factor was changed to 'light blue collar', as shown in the following table.

TYPE OF INSURANCE COVER	WHITE COLLAR LOADING FACTOR	LIGHT BLUE COLLAR LOADING FACTOR
Death only	1.00	1.30
TPD only	1.00	1.75
Combined death/TPD	1.00	1.50
SCI	1.00	1.50

When combined with the above average premium reductions from 1 July 2018, this change in the default occupational loading factor would actually result in an average premium increase of 18% (not taking into account age or gender and, for SCI cover, any applicable waiting or benefit period changes). It is therefore important that you provide sufficient occupation details so that the correct occupational loading factor is applied to your premiums and update those details if you change your occupation.

An 'Occupational loading factor guide' is now available on our website or you can obtain a copy, free of charge, by contacting us.

**PENSION PLAN**

**UNITED KINGDOM (UK) PENSION TRANSFERS**

We continue not to accept transfers of UK pension money. Any change to our current policy will be made available on our website, although this is considered unlikely in the foreseeable future.



# INVESTMENT INFORMATION

## TRUSTEE'S INVESTMENT OBJECTIVE

The Trustee's investment objective is to provide a comprehensive and suitable range of investment options from which all members can select investments that are suitable for their personal circumstances at any particular time.

## TRUSTEE'S INVESTMENT STRATEGY

The Trustee's investment strategy is to provide a range of investment options with different risk/return profiles.

The variety of investment options offers members diversification across different asset classes, regions and markets. Most investment options also offer further diversification across a range of specialist investment managers.

## DERIVATIVES

Perpetual's multi-manager investment team and some of the investment managers with which the Fund invests may use derivatives to manage risks in the share, bond and currency markets and to manage asset exposure to particular investment sectors or markets. While derivatives may be used for trading purposes, they are generally not used to gear investments.

## INVESTMENT OPTIONS

Relevant details for each of the investment options available to Fund members are provided on pages 9-17 of this Report, including:

- risk level
- investment return objective
- investment guidelines
- option size
- total annual investment fees and estimated indirect costs
- investment performance
- asset allocations.

The Trustee may add, vary or withdraw investment options at its discretion.

Full details of the investment options that are currently available to Fund members are contained in the relevant current Product Disclosure Statement (PDS) available at our website or by calling us.

## INVESTMENT PERFORMANCE

Investment performance has been calculated net of any investment fees and estimated indirect costs and (for the Super Plan and MySuper) income tax of up to 15%. No allowance has been made for the member administration fee or (for Super Plan and Pension Plan members only) any investment fee rebates. Care should be exercised in relying on past performance. Past performance is not indicative of future performance.

The latest available performance figures (updated each month) may be obtained at our website or by calling us.

## ASSET ALLOCATIONS

The asset allocations shown on pages 9-16 are based on the Super Plan, which may in some cases differ marginally from asset allocations for the Pension Plan.

## RISK LEVELS

The risk level for each investment option is represented by its Standard Risk Measure (SRM), which is based on a standard industry measure of the estimated number of negative annual returns over any 20 year period – see footnote 1 to the investment options tables on page 17 for further information about SRMs.

The latest SRMs for all of the investment options are reflected in the current PDSs and the investment options tables on pages 9-16. Any changes to SRMs at any time will be available at our website.

Members should ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s), seeking professional advice where appropriate.

## SPECIALIST INVESTMENT MANAGERS

The specialist investment managers appointed by the Trustee to manage the various asset classes within the Super Plan and Pension Plan investment options are shown in the following table. Visit our website for further information about the specialist investment managers.

### SELECT SPECIALIST INVESTMENT MANAGERS FOR THE SUPER PLAN AND PENSION PLAN INVESTMENT OPTIONS – AS AT 30 JUNE 2018

ASSET CLASS	INVESTMENT MANAGER(S)
Cash and enhanced cash	Perpetual Investments
Fixed income	AllianceBernstein Australia Limited Macquarie Investment Management Perpetual Investments PIMCO Western Asset
Diversified credit	Perpetual Investments
Real estate	Renaissance Asset Management Resolution Capital
Australian shares	Cooper Investors Kaplan Funds Management Perpetual Investments Renaissance Asset Management
International shares	Artisan Partners Barrow, Hanley, Mewhinney & Strauss Johnston Asset Management Perpetual Investments RWC Partners SouthernSun Asset Management Sustainable Growth Advisers
Alternative assets	Perpetual Investments <sup>1</sup>

1 Perpetual Investments actively reviews and invests in a range of alternative investment structures managed by a number of alternative managers in accordance with relevant investment objectives.

Perpetual Investments is the sole investment manager for the MySuper – Balanced Growth investment option.

The Trustee may add, delete or replace specialist investment managers at its discretion.

## OBTAINING UPDATED DETAILS ON THE INVESTMENT OPTIONS

### INVESTMENT DETAILS

From time to time, some of the information in the PDSs about the investment options may change. This includes details such as their:

- investment objective
- investment approach
- investment guidelines (eg asset allocation ranges).

Visit our website for up-to-date investment option information, together with the latest available investment performance details. Alternatively, such information may be accessed by contacting us.

### FEES AND COSTS

You should refer to the relevant current PDS and any updated information provided on our website for the most recent details relating to annual fees and costs.

### BUY/SELL SPREADS

Transaction costs are normally reviewed at least annually. This review may result in changes to the buy/sell spreads on various investment options.

The current buy/sell spreads as at September 2018 are as follows.

INVESTMENT OPTION	BUY/SELL SPREAD
Conservative	0.16%/0.00%
Diversified	0.24%/0.00%
Balanced	0.26%/0.00%
Growth	0.28%/0.00%
High Growth	0.30%/0.00%
Geared High Growth <sup>2</sup>	0.46%/0.00%
Cash	Nil
Fixed Income	0.13%/0.00%
Real Estate	0.45%/0.00%
Australian Share	0.30%/0.00%
Geared Australian Share <sup>2</sup>	0.60%/0.00%
Limited Share	0.30%/0.00%
International Share	0.40%/0.00%
Capital Guarantee	Nil
MySuper – Balanced Growth	0.34%/0.00%

2 Super Plan only.

Visit our website (or contact us) for details of the current buy/sell spreads at any time.

## SUPER PLAN/PENSION PLAN MULTI-ASSET CLASS INVESTMENT OPTIONS

INVESTMENT OPTION NAME	CONSERVATIVE <sup>2</sup>			DIVERSIFIED		
Risk level <sup>1</sup>	4 – Medium			5 – Medium to high		
Investment return objective	<p>Aims to:</p> <ul style="list-style-type: none"> <li>provide members with stable returns through investment in a diversified portfolio with an emphasis on fixed income and cash and enhanced cash investments</li> <li>Super Plan – outperform the CPI by 1.5% (before fees and after tax) over rolling three-year periods</li> <li>Pension Plan – outperform the CPI by 2.5% (before fees and after tax) over rolling three-year periods</li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>3</sup> reflecting the underlying funds' target allocations at any time to the various asset types.</li> </ul>			<p>Aims to:</p> <ul style="list-style-type: none"> <li>provide members with long-term growth through investment in a diversified portfolio of assets</li> <li>Super Plan – outperform the CPI by 2.0% (before fees and after tax) over rolling four-year periods</li> <li>Pension Plan – outperform the CPI by 3.0% (before fees and after tax) over rolling four-year periods</li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>3</sup> reflecting the underlying funds' target allocations at any time to the various asset types.</li> </ul>		
Investment guidelines	Cash <sup>4</sup> and enhanced cash	5-30%		Cash <sup>4</sup> and enhanced cash	0-25%	
	Fixed income <sup>5,6</sup>	10-45%		Fixed income <sup>5,6</sup>	10-40%	
	Diversified credit	0-30%		Diversified credit	0-25%	
	Income alternatives	0-10%		Income alternatives	0-10%	
	Real estate <sup>6,7,8</sup>	0-10%		Real estate <sup>6,7,8</sup>	5-15%	
	Australian shares	5-20%		Australian shares	5-25%	
	International shares <sup>6</sup>	5-20%		International shares <sup>6</sup>	5-25%	
	Growth alternatives	0-15%		Growth alternatives	0-20%	
Option size as at 30 June 2018	Super Plan:	\$28.3 million		Super Plan:	\$28.0 million	
	Pension Plan:	\$37.2 million		Pension Plan:	\$34.8 million	
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	Super Plan:	2.15%		Super Plan:	2.29%	
	Pension Plan:	2.17%		Pension Plan:	2.29%	
	(includes 0.05% performance-related fees for Super Plan and 0.05% performance-related fees for Pension Plan charged in underlying funds)			(includes 0.08% performance-related fees for Super Plan and 0.07% performance-related fees for Pension Plan charged in underlying funds)		
Investment performance (net earnings) % pa (see page 7 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
	2014	6.7%	7.5%	2014	9.7%	10.5%
	2015	4.8%	5.4%	2015	4.8%	5.5%
	2016	2.7%	3.1%	2016	2.6%	3.1%
	2017	3.7%	4.4%	2017	4.3%	5.2%
	2018	4.4%	4.9%	2018	5.4%	5.9%
	Compound average returns to 30 June 2018			Compound average returns to 30 June 2018		
	5 years	4.4%	5.1%	5 years	5.3%	6.0%
	10 years	4.3%	5.1%	10 years	n/a	n/a
	Since inception	4.9%	5.7%	Since inception	5.5%	6.3%
Asset allocations (Super Plan)	As at 30 June	2017	2018	As at 30 June	2017	2018
	Cash and enhanced cash	20%	11%	Cash and enhanced cash	15%	2%
	Fixed income	23%	22%	Fixed income	17%	20%
	Diversified credit	15%	22%	Diversified credit	14%	19%
	Income alternatives	6%	8%	Income alternatives	5%	5%
	Real estate	4%	4%	Real estate	9%	10%
	Australian shares	13%	14%	Australian shares	15%	16%
	International shares	13%	14%	International shares	15%	17%
	Growth alternatives	6%	5%	Growth alternatives	10%	11%

You should refer to page 17 for details of footnotes.

INVESTMENT OPTION NAME	BALANCED			GROWTH		
Risk level <sup>1</sup>	5 – Medium to high			6 – High		
Investment return objective	Aims to: <ul style="list-style-type: none"> <li>provide members with long-term growth through investment in a diversified portfolio with an emphasis on Australian and international share investments</li> <li>Super Plan – outperform the CPI by 2.5% (before fees and after tax) over rolling five-year periods</li> <li>Pension Plan – outperform the CPI by 3.5% (before fees and after tax) over rolling five-year periods</li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>3</sup> reflecting the underlying funds' target allocations at any time to the various asset types.</li> </ul>			Aims to: <ul style="list-style-type: none"> <li>provide members with long-term growth through investment in a diversified portfolio with a strong emphasis on Australian and international share investments</li> <li>Super Plan – outperform the CPI by 3.0% (before fees and after tax) over rolling five-to-ten-year periods</li> <li>Pension Plan – outperform the CPI by 4.0% (before fees and after tax) over rolling five-to-ten-year periods</li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>3</sup> reflecting the underlying funds' target allocations at any time to the various asset types.</li> </ul>		
Investment guidelines	Cash <sup>4</sup> and enhanced cash	0-15%		Cash <sup>4</sup> and enhanced cash	0-15%	
	Fixed income <sup>5,6</sup>	0-30%		Fixed income <sup>5,6</sup>	0-25%	
	Diversified credit	0-20%		Diversified credit	0-10%	
	Income alternatives	0-10%		Income alternatives	0-10%	
	Real estate <sup>6,7,8</sup>	5-15%		Real estate <sup>6,7,8</sup>	5-15%	
	Australian shares	10-35%		Australian shares	15-45%	
	International shares <sup>6</sup>	10-35%		International shares <sup>6</sup>	15-45%	
	Growth alternatives	0-20%		Growth alternatives	0-20%	
Option size as at 30 June 2018	Super Plan:	\$170.5 million		Super Plan:	\$256.3 million	
	Pension Plan:	\$201.6 million		Pension Plan:	\$287.4 million	
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	Super Plan:	2.31%		Super Plan:	2.35%	
	Pension Plan:	2.35%		Pension Plan:	2.37%	
	(includes 0.08% performance-related fees for Super Plan and 0.08% performance-related fees for Pension Plan charged in underlying funds)			(includes 0.09% performance-related fees for Super Plan and 0.09% performance-related fees for Pension Plan charged in underlying funds)		
Investment performance (net earnings) % pa (see page 7 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
	2014	10.8%	11.9%	2014	12.0%	13.5%
	2015	7.8%	8.5%	2015	8.5%	9.4%
	2016	2.7%	2.8%	2016	2.7%	2.7%
	2017	6.2%	7.2%	2017	7.9%	9.1%
	2018	7.3%	8.2%	2018	9.1%	10.1%
	<b>Compound average returns to 30 June 2018</b>			<b>Compound average returns to 30 June 2018</b>		
	5 years	6.9%	7.7%	5 years	8.0%	8.9%
	10 years	5.3%	6.1%	10 years	5.5%	6.4%
	Since inception	5.9%	6.8%	Since inception	6.1%	6.6%
Asset allocations (Super Plan)	As at 30 June	2017	2018	As at 30 June	2017	2018
	Cash and enhanced cash	13%	5%	Cash and enhanced cash	9%	6%
	Fixed income	12%	12%	Fixed income	7%	5%
	Diversified credit	11%	12%	Diversified credit	3%	5%
	Income alternatives	3%	4%	Income alternatives	3%	3%
	Real estate	8%	9%	Real estate	8%	8%
	Australian shares	23%	24%	Australian shares	30%	31%
	International shares	21%	25%	International shares	30%	31%
	Growth alternatives	9%	9%	Growth alternatives	10%	11%

You should refer to page 17 for details of footnotes.

INVESTMENT OPTION NAME	HIGH GROWTH			GEARED HIGH GROWTH (SUPER PLAN ONLY)		
Risk level <sup>1</sup>	6 – High			6 – High		
Investment return objective	Aims to: <ul style="list-style-type: none"> <li>provide members with long-term growth through investment in a diversified portfolio with a strong emphasis on Australian and international shares, as well as growth alternative investments</li> <li>Super Plan – outperform the CPI by 3.5% (before fees and after tax) over rolling ten-year periods</li> <li>Pension Plan – outperform the CPI by 4.5% (before fees and after tax) over rolling ten-year periods</li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>3</sup> reflecting the underlying funds' target allocations at any time to the various asset types.</li> </ul>			Aims to: <ul style="list-style-type: none"> <li>provide members with enhanced long-term growth through borrowing (gearing) to invest in a diversified portfolio with a strong emphasis on Australian and international shares, as well as growth alternative investments</li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>3</sup> reflecting the underlying funds' target allocations at any time to the various asset types.</li> </ul>		
Investment guidelines	Cash <sup>4</sup> and enhanced cash	0-15%		Cash <sup>4</sup> and enhanced cash	0-15%	
	Real estate <sup>6,7,8</sup>	5-20%		Real estate <sup>6,7,8</sup>	5-20%	
	Australian shares	20-45%		Australian shares	20-45%	
	International shares <sup>6</sup>	20-45%		International shares <sup>6</sup>	20-45%	
	Growth alternatives	0-25%		Growth alternatives	0-25%	
				Gearing level <sup>9</sup>	0-50%	
Option size as at 30 June 2018	Super Plan:	\$75.6 million		Super Plan:	\$7.8 million	
	Pension Plan:	\$1.4 million				
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	Super Plan:	2.46%		Super Plan:	3.91%	
	Pension Plan:	2.57%		(includes 0.16% performance-related fees charged in underlying funds)		
	(includes 0.11% performance-related fees for Super Plan and 0.11% performance-related fees for Pension Plan charged in underlying funds)					
Investment performance (net earnings) % pa (see page 7 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	
	2014	14.4%	15.8%	2014	19.3%	
	2015	9.5%	10.3%	2015	11.8%	
	2016	1.7%	2.2%	2016	0.4%	
	2017	9.4%	10.5%	2017	14.2%	
	2018	10.1%	10.8%	2018	14.3%	
	<b>Compound average returns to 30 June 2018</b>			<b>Compound average returns to 30 June 2018</b>		
	5 years	8.9%	9.8%	5 years	11.8%	
	10 years	5.8%	6.6%	10 years	5.6%	
	Since inception	6.1%	7.2%	Since inception	2.0%	
Asset allocations (Super Plan)	As at 30 June	2017	2018	As at 30 June	2017	2018
	Cash and enhanced cash	8%	7%	Cash and enhanced cash	1%	8%
	Real estate	7%	11%	Real estate	0%	11%
	Australian shares	32%	33%	Australian shares	48%	34%
	International shares	33%	34%	International shares	36%	33%
	Growth alternatives	20%	15%	Growth alternatives	15%	14%
				Gearing level	34%	32%

You should refer to page 17 for details of footnotes.

## SUPER PLAN/PENSION PLAN SINGLE-ASSET CLASS INVESTMENT OPTIONS

INVESTMENT OPTION NAME	CASH			FIXED INCOME		
Risk level <sup>1</sup>	1 – Very low			3 – Low to medium		
Investment return objective	Aims to: <ul style="list-style-type: none"> <li>provide members with capital stability through investments in deposits, money market and fixed income securities</li> <li>match the performance of the Bloomberg AusBond Bank Bill Index (before fees and after tax) over rolling one-year periods.</li> </ul>			Aims to: <ul style="list-style-type: none"> <li>provide members with income and capital stability through investment in a diversified portfolio of fixed income and diversified credit investments (including mortgages)</li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>10</sup> reflecting the underlying fund's target allocation at any time to the various asset types.</li> </ul>		
Investment guidelines	Cash	100%		Australian fixed income	0-100%	
				Diversified credit (including mortgages)	0-100%	
				International fixed income <sup>11</sup>	0-100%	
				Cash <sup>4</sup>	0-20%	
Option size as at 30 June 2018	Super Plan:	\$14.6 million		Super Plan:	\$8.3 million	
	Pension Plan:	\$2.7 million		Pension Plan:	\$3.0 million	
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	Super Plan:	1.67%		Super Plan:	2.06%	
	Pension Plan:	1.68%		Pension Plan:	2.06%	
Investment performance (net earnings) % pa (see page 7 for further information)	<b>Year ended 30 June</b>	<b>Super Plan</b>	<b>Pension Plan</b>	<b>Year ended 30 June</b>	<b>Super Plan</b>	<b>Pension Plan</b>
	2014	0.8%	1.1%	2014	2.6%	3.1%
	2015	0.8%	1.0%	2015	2.1%	2.6%
	2016	0.5%	0.7%	2016	2.3%	2.7%
	2017	0.2%	0.4%	2017	1.1%	1.5%
	2018	0.2%	0.2%	2018	0.6%	0.8%
	<b>Compound average returns to 30 June 2018</b>			<b>Compound average returns to 30 June 2018</b>		
	5 years	0.5%	0.7%	5 years	1.7%	2.1%
	10 years	1.3%	1.7%	10 years	3.6%	4.3%
	Since inception	2.5%	3.1%	Since inception	4.5%	5.3%
Asset allocations (Super Plan)	<b>As at 30 June</b>	<b>2017</b>	<b>2018</b>	<b>As at 30 June</b>	<b>2017</b>	<b>2018</b>
	Cash	100%	100%	Australian fixed income	39%	23%
				Diversified credit (including mortgages)	43%	46%
				International fixed income	0%	23%
				Cash	18%	8%

You should refer to page 17 for details of footnotes.

INVESTMENT OPTION NAME	REAL ESTATE			AUSTRALIAN SHARE		
Risk level <sup>1</sup>	7 – Very high			6 – High		
Investment return objective	Aims to: <ul style="list-style-type: none"> <li>provide members with income and long-term growth through investment in a diversified portfolio of Australian and international real estate investment trusts and unlisted property trusts<sup>8</sup></li> <li>outperform (before fees and after tax), over rolling three-year periods, a composite benchmark<sup>12</sup> reflecting the underlying fund's target allocation at any time to the various asset types.</li> </ul>			Aims to: <ul style="list-style-type: none"> <li>provide members with long-term growth and income through investment in a diversified portfolio of Australian shares<sup>13</sup></li> <li>outperform the S&amp;P/ASX 300 Accumulation Index (before fees and after tax) over rolling three-year periods.</li> </ul>		
Investment guidelines	Australian real estate	0-100%		Australian shares <sup>13</sup>	80-100%	
	International real estate <sup>11</sup>	0-100%		Cash <sup>4</sup>	0-20%	
	Cash <sup>4</sup>	0-20%				
Option size as at 30 June 2018	Super Plan:	\$9.7 million		Super Plan:	\$32.7 million	
	Pension Plan:	\$1.6 million		Pension Plan:	\$9.50 million	
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	Super Plan:	2.13%		Super Plan:	2.23%	
	Pension Plan:	2.13%		Pension Plan:	2.21%	
				(includes 0.00% performance-related fees for Super Plan and 0.00% performance-related fees for Pension Plan charged in underlying funds)		
Investment performance (net earnings) % pa (see page 7 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
	2014	10.3%	11.8%	2014	16.9%	18.2%
	2015	10.7%	13.8%	2015	4.8%	5.5%
	2016	14.8%	15.8%	2016	3.1%	3.5%
	2017	-1.6%	-1.1%	2017	9.5%	10.9%
	2018	9.4%	10.1%	2018	10.8%	11.8%
	<b>Compound average returns to 30 June 2018</b>			<b>Compound average returns to 30 June 2018</b>		
	5 years	8.6%	9.9%	5 years	8.9%	9.9%
	10 years	4.4%	5.8%	10 years	6.3%	7.2%
	Since inception	5.4%	6.1%	Since inception	8.4%	9.6%
Asset allocations (Super Plan)	As at 30 June	2017	2018	As at 30 June	2017	2018
	Australian real estate	47%	48%	Australian shares	90%	91%
	International real estate	44%	45%	International shares	0%	1%
	Cash	9%	7%	Cash	10%	8%

You should refer to page 17 for details of footnotes.

INVESTMENT OPTION NAME	GEARED AUSTRALIAN SHARE (SUPER PLAN ONLY)		LIMITED SHARE			
Risk level <sup>1</sup>	7 – Very high		6 – High			
Investment return objective	Aims to: <ul style="list-style-type: none"> <li>provide members with enhanced long-term growth through borrowing (gearing) to invest in a diversified portfolio of Australian shares<sup>13</sup></li> <li>outperform the S&amp;P/ASX 300 Accumulation Index (before fees and after tax) over rolling three-year periods.</li> </ul>		Aims to: <ul style="list-style-type: none"> <li>provide members with long-term growth and income through investment in quality industrial and resource shares and other securities</li> <li>outperform the S&amp;P/ASX 300 Accumulation Index (before fees and after tax) over rolling three-year periods.</li> </ul>			
Investment guidelines	Australian shares <sup>13</sup>	80-100%	Australian shares <sup>14</sup>	90-100%		
	Cash <sup>4</sup>	0-20%	Cash <sup>4</sup>	0-10%		
	Gearing level <sup>9</sup>	0-60%				
Option size as at 30 June 2018	Super Plan:	\$4.1 million	Super Plan:	\$12.9 million		
			Pension Plan:	\$3.4 million		
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	Super Plan:	4.80%	Super Plan:	2.17%		
	(includes 0.00% performance-related fees charged in underlying funds)		Pension Plan:	2.21%		
Investment performance (net earnings) % pa (see page 7 for further information)	<b>Year ended 30 June</b>	<b>Super Plan</b>	<b>Year ended 30 June</b>	<b>Super Plan</b>	<b>Pension Plan</b>	
	2014	28.8%	2014	17.6%	18.8%	
	2015	4.6%	2015	4.4%	5.0%	
	2016	1.1%	2016	-1.5%	-1.3%	
	2017	15.0%	2017	13.2%	15.6%	
	2018	17.8%	2018	10.6%	11.9%	
	<b>Compound average returns to 30 June 2018</b>		<b>Compound average returns to 30 June 2018</b>			
	5 years	13.1%	5 years	8.7%	9.7%	
	10 years	6.3%	10 years	7.6%	8.6%	
	Since inception	2.7%	Since inception	8.2%	9.5%	
Asset allocations (Super Plan)	<b>As at 30 June</b>	<b>2017</b>	<b>2018</b>	<b>As at 30 June</b>	<b>2017</b>	<b>2018</b>
	Australian shares	89%	90%	Australian shares	93%	93%
	International shares	0%	1%	International shares	0%	1%
	Cash	11%	9%	Cash	7%	6%
	Gearing level	51%	50%			

You should refer to page 17 for details of footnotes.



INVESTMENT OPTION NAME	INTERNATIONAL SHARE			CAPITAL GUARANTEE (CLOSED TO NEW MEMBERS)		
Risk level <sup>1</sup>	6 – High			1 – Very low		
Investment return objective	Aims to: <ul style="list-style-type: none"> <li>provide members with long-term growth through investment in a diversified portfolio of international shares<sup>15</sup></li> <li>outperform the MSCI All Country World Index – Net Return (unhedged in AUD) (before fees and tax) over rolling three-year periods.</li> </ul>			Aims to provide members with returns and security through investment in a deposit or product issued by an Approved Deposit taking Institution (ADI) or cash funds, or other pooled structured funds that are supported by a guarantee.		
Investment guidelines	International shares <sup>11,15</sup>	80-100%		Bank deposits or cash funds supported by a guarantee		100%
	Cash <sup>4</sup>	0-20%				
Option size as at 30 June 2018	Super Plan:	\$16.1 million		Super Plan:		\$9.5 million
	Pension Plan:	\$3.0 million		Pension Plan:		\$0.5 million
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	Super Plan:	2.28%		Super Plan:		1.51%
	Pension Plan:	2.28%		Pension Plan:		1.64%
	(includes 0.07% performance-related fees for Super Plan and 0.07% performance-related fees for Pension Plan charged in underlying funds)					
Investment performance (net earnings) % pa (see page 7 for further information)	Year ended 30 June	Super Plan	Pension Plan	Year ended 30 June	Super Plan	Pension Plan
	2014	14.5%	16.9%	2014	0.9%	1.1%
	2015	16.5%	18.9%	2015	0.7%	1.0%
	2016	-1.0%	-1.3%	2016	0.4%	0.7%
	2017	14.4%	16.4%	2017	0.2%	0.2%
	2018	15.1%	16.4%	2018	0.1%	0.1%
	<b>Compound average returns to 30 June 2018</b>			<b>Compound average returns to 30 June 2018</b>		
	5 years	11.7%	13.2%	5 years	0.5%	0.6%
	10 years	6.0%	7.0%	10 years	1.3%	1.8%
	Since inception	4.6%	5.2%	Since inception	3.2%	3.5%
Asset allocations (Super Plan)	As at 30 June	2017	2018	As at 30 June	2017	2018
	International shares	89%	89%	Cash	100%	100%
	Cash	11%	11%			

You should refer to page 17 for details of footnotes.

## MYSUPER INVESTMENT OPTION

INVESTMENT OPTION NAME	MYSUPER – BALANCED GROWTH		
Risk level <sup>1</sup>	6 – High		
Investment return objective	Aims to: <ul style="list-style-type: none"> <li>• provide long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments</li> <li>• outperform a composite benchmark reflecting its allocation to the various asset types over rolling three-year periods</li> <li>• provide a total return of 3% per annum above inflation over rolling 10 year periods, net of investment and administration fees and superannuation fund taxes.</li> </ul>		
Investment guidelines	Australian shares <sup>16</sup>	10-50%	
	International shares	10-50%	
	Property	0-15%	
	Fixed income	0-35%	
	Cash and enhanced cash <sup>17</sup>	0-30%	
	Other assets <sup>18</sup>	0-30%	
Option size as at 30 June 2018	MySuper:	\$217.5 million	
Total annual investment fees and estimated indirect costs for year ended 30 June 2018	MySuper:	1.01%	
Investment performance (net earnings) % pa (see page 7 for further information)	<b>Year ended 30 June</b>	<b>MySuper</b>	
	2014	n/a	
	2015	7.0%	
	2016	1.9%	
	2017	8.5%	
	2018	6.6%	
	<b>Compound average returns to 30 June 2018</b>		
	5 years	n/a	
	10 years	n/a	
	Since inception	5.9%	
Asset allocations	<b>As at 30 June</b>	<b>2017</b>	<b>2018</b>
	Australian shares	29%	29%
	International shares	30%	25%
	Property	5%	5%
	Fixed income	13%	13%
	Cash and enhanced cash	7%	11%
	Other assets	16%	17%

You should refer to page 17 for details of footnotes.

## FOOTNOTES TO INVESTMENT OPTIONS PROFILE TABLES

- 1 The risk level represents the Standard Risk Measure (SRM), which is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period, as follows.

RISK BAND	RISK LABEL	ESTIMATED NUMBER OF NEGATIVE ANNUAL RETURNS OVER ANY 20 YEAR PERIOD
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of the negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

The SRMs for the investment options may change over time for various reasons, including as a result of reviews of the underlying capital market assumptions that are used in their calculation and future changes to asset allocations by the investment managers. Any changes to SRMs at any time will be available at our website.

- 2 Irrespective of the underlying fund name, which is reflected in the investment option name, the Trustee advises that this investment option has an SRM risk band rating of 4 (refer footnote 1 above).
- 3 The composite benchmarks comprise, as applicable to the various asset types in the underlying funds:
- cash and enhanced cash – Bloomberg AusBond Bank Bill Index
  - fixed income – 50% Bloomberg AusBond Composite 0+ Yr Index and 50% Bloomberg Barclays Global Aggregate Index (hedged in AUD)
  - diversified credit – Bloomberg AusBond Bank Bill Index
  - income alternatives – Bloomberg AusBond Bank Bill Index plus 2%
  - real estate – 50% S&P/ASX 300 A-REIT Accumulation Index and 50% FTSE EPRA/NAREIT Developed Index – Net Return (unhedged in AUD)
  - Australian shares – S&P/ASX 300 Accumulation Index
  - international shares – international shares – MSCI All Country World Index – Net Return (unhedged in AUD)
  - growth alternatives – Bloomberg AusBond Bank Bill Index plus 5%.
- 4 Cash may also be held for liquidity in the underlying funds, so the overall cash allocation may be greater than that stated.
- 5 Fixed income includes Australian fixed income, diversified credit and international fixed income – refer to the 'Investment guidelines' for the 'Fixed Income' investment option on page 12 for further details.
- 6 The currency exposure of international assets in the underlying funds is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.
- 7 Real estate includes both Australian and international assets – refer to the 'Investment guidelines' for the 'Real Estate' investment option on page 13 for further details.
- 8 Also permitted to be included are company shares, unit trusts and other securities that are expected to have a return related to property investments or management as their dominant underlying assets.
- 9 The gearing level is the underlying fund's borrowings divided by the total gross value of its assets. It will depend on the present levels and future expectation of the underlying fund's income (excluding franking credits) and its cost on borrowings. The maximum gearing limit may be exceeded for short periods of time due to extreme market volatility.
- 10 The composite benchmark comprises:
- Australian fixed income – Bloomberg AusBond Composite 0+ Yr Index
  - diversified credit – Bloomberg AusBond Bank Bill Index
  - international fixed income – Bloomberg Barclays Global Aggregate Index (hedged in AUD).
- 11 The currency exposure of international assets is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.
- 12 The composite benchmark comprises:
- Australian real estate – S&P/ASX 300 A-REIT Accumulation Index
  - international real estate – FTSE EPRA/NAREIT Developed Index – Net Return (unhedged in AUD).
- 13 Securities listed on overseas exchanges may be purchased subject to limits agreed by the Trustee.
- 14 The underlying fund's investment universe allows it to invest, directly or indirectly, in stocks listed or to be listed on sharemarket exchanges outside Australia. Exposure to stocks outside Australia is limited to 20%.
- 15 Securities listed on the Australian Securities Exchange may be purchased subject to limits agreed by the Trustee.
- 16 The underlying fund may gain its exposure to Australian shares by investing in one or more underlying Australian share funds. Where the underlying fund invests in the Perpetual Australian Share Fund, that underlying fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange but may have up to 20% exposure to shares listed on or proposed to be listed on any recognised global exchange. The investment guidelines showing the underlying fund's maximum investment in international shares do not include this potential additional exposure. Underlying Australian share funds may use short positions as part of their investment strategy. Currency hedges may be used from time to time.
- 17 The underlying fund may invest in enhanced cash funds that allow gearing.
- 18 Other assets may include, but are not limited to, infrastructure, mortgages (including mezzanine mortgages), private equity, opportunistic property, absolute return funds, commodities and real return strategies. Exposure to other assets aims to enhance the underlying fund's diversification and may help reduce volatility.

## UNDERLYING INVESTMENTS

The following table provides details of the Fund's underlying investments in unlisted managed investment schemes that had a value in excess of 5% of the Fund's total assets as at 30 June 2018. Totals may vary slightly to the sum of the various

UNDERLYING INVESTMENTS	VALUE OF INVESTMENT (\$M)	PERCENTAGE OF TOTAL FUND ASSETS
Perpetual Private Australian Share Fund	\$333.076	22.54%
Perpetual Private International Share Fund	\$304.235	20.58%
Perpetual Balanced Growth Fund No. 2	\$210.115	14.22%
Perpetual Growth Alternatives Pool Fund	\$117.320	7.94%
Perpetual Private Real Estate Fund	\$105.529	7.14%
Perpetual Private Duration Fixed Income Fund	\$102.975	6.97%
Perpetual Private Credit Pooled Fund	\$93.882	6.35%
<b>Sub-total</b>	<b>\$1,267.132</b>	<b>85.74%</b>
All other	\$210.884	14.26%
<b>Total Fund assets</b>	<b>\$1,478.016</b>	<b>100.00%</b>

# FUND INFORMATION

## THE FUND

The Fund is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993 (SIS). The Trustee operates, and intends to continue to operate, the Fund as a complying superannuation fund.

## THE FUND'S GROWTH

The Fund commenced in May 1989. The number of members and participating employers and funds under administration as at 30 June 2018 are shown in the following table.

	SUPER PLAN	MYSUPER	PENSION PLAN	TOTAL
Number of personal members	4,374	3,504	1,184	9,062
Number of employer sponsored members	1,977	4,773	n/a	6,750
Total members	6,351	8,277	1,184	15,812
Participating employers	677	782	n/a	1,459*
Funds under administration (\$m)	\$674.4	\$217.5	\$586.1	\$1,478.0

\* This total represents the number of unique participating employers in the Fund, which is less than the sum of the Super Plan and MySuper participating employers as it takes into account that some participating employers contribute on behalf of both Super Plan and MySuper members.

## INDEMNITY INSURANCE

Professional indemnity insurance has been effected by the Trustee.

## TRUST DEED

The Trust Deed dated 1 March 1989 (as amended) is a legal document that sets out the provisions governing the operation of the Fund and the rights and obligations of members and the Trustee. The Trustee is responsible for ensuring that the Fund operates according to the Trust Deed and the accompanying Rules, and that the Fund complies with all relevant laws.

Members may inspect the Trust Deed at any time at our website or by arrangement with us.

## POLICY COMMITTEES (MYSUPER ONLY)

For MySuper, a Policy Committee consisting of equal numbers of member and employer representatives is required to be established for each employer-sponsored arrangement of more than 49 standard employer-sponsored members with the same standard employer-sponsor, and for each employer-sponsored arrangement with up to 49 members if at least five members write to the Trustee. The Policy Committee must meet at least once a year to discuss various business such as investment returns, benefit design and administration issues.

For relevant employer sponsored arrangements in MySuper, elections are held at regular intervals to select member representatives for the Policy Committee. The sponsoring employer will advise all members in their plan the names of all Policy Committee members for the ensuing period (including employer appointed representatives) shortly after the completion of each election process.

## INQUIRIES AND COMPLAINTS

The Trustee has established procedures for dealing with member inquiries and complaints. If you have an inquiry or a complaint, you can either phone us on 1800 003 001 during business hours (Sydney time) or write to:

Client Services  
Perpetual Select  
GPO Box 4171  
Sydney NSW 2001

We will endeavour to respond to your inquiry within 30 days and must respond to complaints within 90 days.

If you are dissatisfied with a decision of the Trustee which affects you, and your complaint has not been resolved to your satisfaction, you may refer the matter to the following relevant external dispute resolution (EDR) scheme.

DETAILS	UNTIL 31 OCTOBER 2018	FROM 1 NOVEMBER 2018
EDR scheme	Superannuation Complaints Tribunal (SCT)	Australian Financial Complaints Authority (AFCA)
Phone	1300 884 114	1800 931 678
Email	info@sct.gov.au	info@afca.org.au
Website	www.sct.gov.au	www.afca.org.au
Postal address	Locked Bag 3060 Melbourne VIC 3001	GPO Box 3 Melbourne VIC 3001

## ELIGIBLE ROLLOVER FUND

The Trustee reserves the right to transfer to an eligible rollover fund (ERF):

- Super Plan accounts of less than \$1,000 where a member has not contributed to their account in the previous two years
- MySuper accounts where a member has not contributed to their account in the previous two years or we are unable to contact the member (eg no address on our records or correspondence is returned to us unclaimed).

The Trustee will pay any money it decides to pay to an ERF into the Australian Eligible Rollover Fund (AERF). The trustee of the AERF is Perpetual Superannuation Limited.

Being transferred to the AERF may affect your benefits because:

- you will cease to be a member of the Fund and will no longer have any insurance benefits (if held previously)

- you will become a member of the AERF and be subject to its governing rules
- the AERF will invest your benefit according to its investment strategy.

Contact details for the AERF are as follows:

Australian Eligible Rollover Fund  
 Locked Bag 5429  
 Parramatta NSW 2124  
 Phone: 1800 677 424

## LOST MEMBERS

You will be considered a lost member in the Fund if:

- you have been a member of the Fund for longer than two years, you are an inactive standard employer-sponsored member and there have been no contributions or rollovers for you within the past five years or
- you are uncontactable if:
  - either:
    - the Fund has never had an address (whether non-electronic or electronic) for you
  - or**
  - at least one written communication (whether non-electronic or electronic) has been sent to your last known address (or addresses) and we believe, on reasonable grounds (eg communication returned unclaimed), that you can no longer be contacted at any address known to us **and**
  - you have not contacted us (whether by written communication or otherwise) within the last 12 months **and**
  - you have not accessed details about your interest in the Fund from any electronic facility we have provided within the last 12 months **and**
  - we have not received a contribution or rollover for you within the last 12 months.

Members who are classed as lost may also have their investment transferred to the AERF, unless your account is required to be paid to the ATO as unclaimed super (see 'Unclaimed super' below).

## UNCLAIMED SUPER

Your superannuation may be treated as unclaimed money if you:

- have reached age 65 and we have not received an amount on your behalf for at least two years and five years have passed since we last had contact with you or
- were a temporary resident who has permanently departed Australia and you did not claim your benefits within six months of the later of the date of your departure or your visa ceasing to be effective (except if you are an Australian or New Zealand citizen). We will make all reasonable efforts to contact you in such circumstances, however, it is important that you notify us of any changes to your details.

Where your benefits become unclaimed money, we are required to pay them to the ATO within certain time frames. After payment to the ATO, we are discharged from any further liability for payment of the benefit and you may claim your benefit by contacting the ATO. In some circumstances, tax may be payable.

We are also required to transfer certain small and insoluble lost accounts to the ATO as unclaimed super where you are a lost member (see above) and:

- the balance of the account is less than \$6,000 or
- the account has been inactive for a period of 12 months and we have insufficient records to identify the owner of the account.

Interest will be paid at a rate equivalent to CPI inflation from 1 July 2013 on all lost superannuation accounts reclaimed from the ATO.

## ABRIDGED FINANCIAL INFORMATION

The general purpose financial report for the Fund has been prepared in accordance with the requirements of the Trust Deed, the accounting and disclosure requirements of AASB 1056 Superannuation Entities, other applicable Accounting Standards, the requirements of SIS and other relevant legislative requirements.

Abridged financial statements are provided in Appendix 1 for the information of members. Copies of the full audited financial statements and auditor's report are available upon request.

## ALLOCATION OF EARNINGS

All income, including realised and unrealised capital gains, losses and expenses, are brought to account for each investment option and are fully reflected in the unit price of that investment option. Provision for income tax, as appropriate, is allowed for in the unit price for each investment option.

## INTEREST EARNED ON APPLICATION AND WITHDRAWAL ACCOUNTS

Application money and proceeds of withdrawal requests (including pension payments) are held in trust accounts before they're processed. A member of the Perpetual Group retains any interest earned on these accounts.

## SUSPENSION OF APPLICATIONS, SWITCHES AND WITHDRAWALS

In certain emergency situations which impact on the effective and efficient operation of a market for an asset held by an investment option or in circumstances where we otherwise consider it to be in the interests of members, we may choose to suspend the processing of all applications, switches or withdrawals for that investment option. This may include situations where:

- we cannot properly ascertain the value of an asset held by the investment option
- an event occurs that results in Perpetual not being able to reasonably acquire or dispose of assets held by the investment option
- an underlying fund suspends applications and withdrawals
- the law otherwise permits us to delay or restrict processing applications or withdrawals.

Applications, withdrawals or switch requests received during the suspension will be processed using the entry and/or exit price applicable when the suspension is lifted.

# APPENDIX 1: ABRIDGED FINANCIAL STATEMENTS

## INCOME STATEMENT

	2018 \$,000	2017 \$,000
<b>INCOME</b>		
Dividends/distributions	69,848	44,332
Interest	437	980
Changes in fair value of investments	55,856	70,919
Other income	6,883	6,526
<b>Total income</b>	<b>133,024</b>	<b>122,757</b>
<b>EXPENSES</b>		
Investment expenses	6,381	8,530
Administration expenses	2,540	2,381
Other operating expenses	640	762
<b>Total expenses</b>	<b>9,561</b>	<b>11,673</b>
<b>RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX</b>	<b>123,463</b>	<b>111,084</b>
Income tax (expense)/benefit	(2,551)	(1,513)
<b>RESULTS FROM SUPERANNUATION ACTIVITIES AFTER INCOME TAX</b>	<b>120,912</b>	<b>109,571</b>
Net benefits allocated to members' accounts	(118,928)	(107,657)
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>	<b>1,984</b>	<b>1,914</b>

## STATEMENT OF FINANCIAL POSITION

	2018 \$,000	2017 \$,000
<b>ASSETS</b>		
Cash and cash equivalents	19,029	64,874
Investments	1,413,429	1,405,104
Distributions receivable	51,439	22,359
Interest receivable	1	3
Deferred tax assets	-	-
Other receivables	5,883	6,795
<b>Total assets</b>	<b>1,489,781</b>	<b>1,499,135</b>
<b>LIABILITIES</b>		
Payables	3,029	6,938
Current tax liabilities	582	1,444
Deferred tax liabilities	8,154	2,336
<b>Total liabilities</b>	<b>11,765</b>	<b>10,718</b>
<b>NET ASSETS AVAILABLE FOR MEMBER BENEFITS</b>	<b>1,478,016</b>	<b>1,488,417</b>
Member benefits	(1,476,032)	(1,486,503)
<b>TOTAL NET ASSETS</b>	<b>1,984</b>	<b>1,914</b>
<b>EQUITY</b>		
Unallocated surplus/(deficiency)	1,984	1,914
<b>Total equity</b>	<b>1,984</b>	<b>1,914</b>

## STATEMENT OF CHANGES IN MEMBER BENEFITS

	2018 \$,000	2017 \$,000
<b>OPENING BALANCE OF MEMBER BENEFITS</b>	<b>1,486,503</b>	<b>1,490,191</b>
Contributions – employer	38,448	41,151
Contributions – member	10,205	39,609
Transfers from other funds	9,287	17,014
Government co-contributions	94	427
Income tax on contributions	(4,750)	(5,286)
<b>Net after tax contributions</b>	<b>53,284</b>	<b>92,915</b>
Benefit payments	(182,502)	(205,133)
Insurance premiums charged to members' accounts	(5,366)	(5,128)
Death and disability benefits credited to members' accounts	3,271	6,001
Amount allocated to members from equity	1,914	-
<b>BENEFITS ALLOCATED TO MEMBERS' ACCOUNTS</b>		
Net investment income	121,468	110,038
Administration fees	(2,540)	(2,381)
<b>Net benefits allocated to members' accounts</b>	<b>118,928</b>	<b>107,657</b>
<b>CLOSING BALANCE OF MEMBER BENEFITS</b>	<b>1,476,032</b>	<b>1,486,503</b>

## STATEMENT OF CHANGES IN EQUITY

	2018 \$,000	2017 \$,000
<b>OPENING BALANCE</b>	<b>1,914</b>	<b>-</b>
Profit/(loss) after income tax	1,984	1,914
Amount allocated to members from equity	(1,914)	-
<b>CLOSING BALANCE</b>	<b>1,984</b>	<b>1,914</b>

**New South Wales**

Angel Place  
Level 18  
123 Pitt Street  
Sydney NSW 2000

**Queensland**

Central Plaza 1  
Level 15  
345 Queen Street  
Brisbane QLD 4000

**South Australia**

Level 11  
101 Grenfell Street  
Adelaide SA 5000

**Victoria**

Rialto South Tower  
Level 35  
525 Collins Street  
Melbourne VIC 3000

**Western Australia**

Exchange Tower  
Level 29  
2 The Esplanade  
Perth WA 6000

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