



# IOOF

## IOOF Portfolio Service Superannuation Fund

### 2022/23 Trustee's Annual Report

- Expand Essential
- Expand Extra
- IOOF Personal Super
- IOOF Pension
- IOOF Employer Super
- Shadforth Portfolio Service

**Important information**

This report is issued by IOOF Investment Management Limited (IIML) ABN 53 006 695 021, AFS Licence No. 230524. IIML is the Registrable Superannuation Entity (RSE) Licensee, RSE Licence No. L0000406 for the IOOF Portfolio Service Superannuation Fund (Fund) ABN 70 815 369 818, Registration No. R1000627.

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.

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## A message from the Chair

# Lindsay Smartt

Welcome to the IOOF Portfolio Service Superannuation Fund 2022/23 Trustee's Annual Report.

The 2023 financial year was again marked by global and domestic economic uncertainty. Despite this, I'm pleased to say our dedicated team of experts again achieved solid investment returns for members.

I'm also proud that we delivered on our promise to simplify and improve our products, investments, customer service and technology processes. That's important to us, because we believe driving continual improvement of our products and services and providing consistent performance—in good times and bad—is key to our members' long-term financial wellbeing.

### **Delivering for our members**

Over the year, we reduced administration fees for 100,000 members in our Expand and IOOF product suites, further helping them to grow their retirement savings.

Along with some improved terms and conditions for our group cover arrangements, we also reduced group Income Protection premiums, while premiums for group Death and Total and Permanent Disability remained unchanged.

I was pleased to see our efforts recognised, with the MySuper investment option — IOOF Balanced Investor Trust (IBIT)—achieving top quartile performance for the 2023 financial year. IBIT is our largest investment option, based on the number of members invested in it.

Our Expand investment platform was also awarded a rating of 4 Apples, High Quality by Chant West. This award is based on industry best practice, covering investments, fees, client services and adviser services.

In other good news, our Expand Essential Pension wrap product, received the highest rating of 5 Apples. Our other wrap products, Expand Essential Super, Expand Extra Super and Pension, IOOF Employer Super, IOOF Personal Super and IOOF Pension also received 4 Apples—based on industry best practice, covering investments, fees, insurance, and member services.

### **Straddling high inflation and possible recession**

As always, it's key to look at the broader economic environment to understand what's driving investment performance.

The 2023 financial year saw inflation, interest rates and the war in Ukraine maintain pressure on consumers, globally. The steep increase of interest rates by central banks showed signs of moderating inflation but also stirred concerns of overstepping the mark, potentially leading

to a global recession. And indeed, some economies like Germany and New Zealand did fall into recession due to lower consumer spending resulting from increased interest rates.

Encouragingly though, lower oil prices, reduced international shipping costs and the normalisation of global supply chains, have taken some heat out of global inflation pressures.

On the domestic front though, high electricity, rent, property and food prices look set to continue, maintaining the inflation threat at home. With Australia's consumer inflation running at 6% in the year to June 2023, the Reserve Bank of Australia (RBA) maintains relatively high interest rates are still needed to reduce it to their 2% to 3% target. It remains to be seen if the RBA's interest rate increases manage to achieve that target without driving Australia's economy into recession.

## Strong markets, despite global challenges

Despite economic challenges, global and US share market performance remained strong during the year. The global share market, as measured by the MSCI All Countries World index, returned 14% (in Australian dollars) for the six months to the end of June 2023, largely stemming from the strength of the US share market.

By contrast, the Chinese share market continued to struggle, with concerns over the government's handling of its economy and private sector.

Australian shares, as measured by the S&P/ASX 200, made a robust 14.8% return for the year, boosted by very strong gains in the Information Technology and Resources sectors. The Consumer Discretionary and Financial sectors also delivered strong gains, despite the challenge of higher inflation and interest rates squeezing consumers.

Given the positive and negative developments at play in the current investment environment, it's important for investors to maintain an appropriately disciplined and diversified portfolio at this challenging time.

## Thank you

On behalf of the Trustee Board, thank you for trusting the IOOF Portfolio Service Superannuation Fund to look after your long-term financial wellbeing.

We also look forward to inviting you to the 2023 Annual Members' Meeting. You'll receive your invitation to the meeting by this December, which will be held in February 2024. At the meeting, you'll hear about your fund's performance, get an outlook of what's to come, and have the opportunity to ask questions to the people looking after your super, including me.



**Lindsay Smartt**

# Government reforms in superannuation

## Government reforms in superannuation since 1 July 2022

### What's changed

#### Minimum pension drawdown relief ends

The Government reduced the minimum pension drawdowns by 50% for the 2019/20 to 2022/23 financial years. The concession was not extended from 1 July 2023 and minimum drawdowns were returned to normal levels. The minimum drawdown thresholds for account-based pensions are now:

Age	2019/20 – 2022/23	Since 1 July 2023
Under 65	2%	4%
65 – 74	2.5%	5%
75 – 79	3%	6%
80 – 84	3.5%	7%
85 – 89	4.5%	9%
90 – 94	5.5%	11%
95 +	7%	14%

#### Downsizer contribution age reduced to 55

Since 1 January 2023, the age requirement to make a downsizer contribution reduced from 60 to 55. All other eligibility criteria remains unchanged.

#### Work test to claim personal deductible contributions

The work test is required for individuals age 67 to under 75 who make personal contributions to superannuation and claim as a tax deduction. Since 1 July 2022, the

work test has been a requirement under the tax legislation. Initially when this change was made, it had an unintended consequence that certain individuals would no longer meet the work test even though their employment arrangement had not changed. One of these groups were company directors. The ATO resolved this issue by releasing a legislative instrument that extends the definition of employee which ensures impacted individuals are able to meet the work test and claim a tax deduction for personal super contributions.

## Performance test for trustee directed products

On 31 August 2023, APRA released annual performance test results for superannuation products. This year the range of tested products included trustee directed products. Members in products which did not pass the test will have been contacted by their super trustee in September 2023.

## First Home Super Saver

The First Home Super Saver Scheme (FHSSS) allows individuals to make voluntary contributions into super to withdraw at a later date towards the purchase of their first home. The rules have been amended to create greater flexibility, including:

- providing the ATO will greater discretion to amend or revoke a FHSSS application
- allowing individuals to withdraw or amend application prior to receiving an amount paid under the scheme, and
- allowing the ATO to direct funds back into superannuation if not yet released to the individual and ensuring these amounts are not taxable in the fund or count towards the individual's contribution cap.

## What's proposed but not yet effective

### Proposed change to taxation of super

The Government has a proposal to change the tax concession of certain superannuation accounts if an individual has a total super balance of more than \$3 million. If the measure is legislated, it is due to commence from 1 July 2025.

Currently, tax on investment earnings within the accumulation phase of superannuation is at a maximum rate of 15%. It is proposed that where an individual's total superannuation balance exceeds \$3 million, an additional tax of 15% will apply on earnings associated with the amount exceeding \$3 million.

### Payday superannuation

The Government has proposed to change the frequency that employers are required to pay superannuation. It is intended that employers will pay superannuation contributions at the same time as employees receive their salary or wages. Currently, Superannuation Guarantee payments are required to be paid on a quarterly basis. If legislated, this measure is intended to commence from 1 July 2026.

## Superannuation thresholds for 2023/24

Concessional contributions cap	\$27,500 (no change from 2022/23)
Non-concessional contributions cap (NCC)	<p>\$110,000 annual cap (no change from 2022/23) if under \$1,900,000 in super and pension on 30 June 2023</p> <p>\$0 if \$1,900,000 or more in super and pension on 30 June 2023</p> <p>If individual is under age 75 on 1 July 2023, potential bring-forward:</p> <ul style="list-style-type: none"> <li>• \$330,000 if under \$1.68 million in super and pensions on 30 June 2023</li> <li>• \$220,000 if between \$1.68 million and \$1.79 million in super and pensions on 30 June 2023</li> </ul>
Superannuation guarantee (SG) rate	11% (increase from 10.5% in 2022/23)
SG maximum contribution base	\$62,270 ordinary time earnings per quarter or \$249,080pa (up from \$60,220 per quarter 2022/23)
Preservation age <ul style="list-style-type: none"> <li>• Benefits can be accessed on retirement</li> <li>• 0% effective tax on withdrawals under low rate threshold</li> </ul>	<p>Age 58 if born from 1 July 1962 to 30 June 1963</p> <p>Age 59 if born from 1 July 1963 to 30 June 1964</p> <p>Age 60 if born after 1 July 1964</p>
Low rate cap <ul style="list-style-type: none"> <li>• 0% effective tax on taxable component of withdrawals</li> </ul>	\$235,000 (up from \$230,000 for 2022/23)
CGT cap amount <ul style="list-style-type: none"> <li>• Excluded from NCC cap</li> </ul>	\$1,705,000 (up from \$1,650,000 for 2022/23)
Government co-contribution income	<p>Full co-contribution – \$43,445 pa or less (up from \$42,016 for 2022/23)</p> <p>No co-contribution – \$58,445 pa or more (up from \$57,016 for 2022/23)</p>
Spouse contribution tax offset	Maximum of \$540 if annual spouse income less than \$37,000. Offset ceases at \$40,000.
Departing Australia Superannuation Payment tax rate	35% on taxable component (65% for working holiday makers)
Centrelink age pension age	Age 67

# Changes to the IOOF Portfolio Service Superannuation Fund

## Changes to the Trust Deed

The Trust Deed for the Fund was amended on 10 June 2023 to simplify and update the provisions of the Trust Deed in line with current superannuation law and to allow products to migrate to the Fund as part of the Evolve migration project. A copy of the current Trust Deed is available to all members online via our website at [ioof.com.au/about-us/about-ioof/trustee-disclosures](https://ioof.com.au/about-us/about-ioof/trustee-disclosures), upon request by calling our ClientFirst Team or may be inspected by arrangement during business hours at the office of the Trustee.

## Appointment of new custodian

On 26 September 2022, IIML as RSE Licensee, appointed IOOF Investment Services Limited to replace Australian Executor Trustees Limited as custodian for the underlying assets of the Fund.

## New features available on our technology

We have introduced a number of new features and changes to help improve the way you manage your retirement savings.

## Mobile app

You now have access to a mobile app, making it easier to securely view your account online. The app is available in popular app stores.

## Tax Optimisation

You now have the ability to set your tax optimisation method. Your tax optimisation method tells us the order you would like your investment holdings to be sold when redeeming part of an investment option and allows you to optimise the tax position of your account. There are now three tax optimisation methods available:

- First in, First Out
- Minimise Gain/Maximise Loss
- Maximise Gain/Minimise Loss.

## Investment Explorer Capability

Access information about your investment options through your secure online portal or mobile app.

## Family Fee Aggregation

Where your product offers Family Fee Aggregation you can now link up to 8 accounts in a Family Fee Group.

## Managed Discretionary Account Income Preferences<sup>1</sup>

We've enhanced our functionality to allow income earned within a Managed Discretionary Account (MDA<sup>2</sup>) model to be transferred into your Cash Account.

This will mean that if you have selected 'Retain in Cash Account' as your Income Preference, then any income earned within an MDA model will be transferred into your product's Cash Account.

## Where to find current product disclosure statements

Current product disclosure statements (PDSs) for our products on the Evolve technology can be found at:

- IOOF Employer Super, IOOF Personal Super, and IOOF Pension: [ioof.com.au](https://ioof.com.au)
- Expand Essential: [myexpand.com.au](https://myexpand.com.au)
- Expand Extra: [myexpand.com.au](https://myexpand.com.au)
- Shadforth Portfolio Service: [sfg.com.au/portfolio](https://sfg.com.au/portfolio)

## Further information

More information about the Fund is available from [ioof.com.au/about-us/about-ioof/trustee-disclosures](https://ioof.com.au/about-us/about-ioof/trustee-disclosures), including:

- the Trustee company's constitution and financial statement for the previous financial year
- information about the Trustee's directors and executive officers
- policies relating to conflicts management and proxy voting.

1 Only applies to Expand Extra and Shadforth Portfolio Service.

2 The current MDA provider is the Managed Portfolio Service.

## 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 2022/2023. Any investment option currently available may not continue to be available in the future.

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 what investment options are available through each product, please refer to the relevant product's investment menu. If you require further information regarding the investment option, please refer to the investment option's PDS and speak to your financial adviser or our ClientFirst Team.

### New investment options

APIR code	Investment option name
MAQ0854AU	Charter Hall Direct Industrial Fund No.4
PIM9253AU	ATLAS Infrastructure Australian Feeder Fund – Hedged
SCH0101AU	Schroder Wholesale Australian Equity Fund
IOF0127AU	Janus Henderson Diversified Credit Fund
DFA4137AU	Dimensional Sustainability World Equity Trust
IML0341AU	Loomis Sayles Global Equity Fund
FID0026AU	Fidelity Future Leaders Fund
PPL0115AU	Antares Elite Opportunities Fund
PPL0106AU	Antares High Growth Shares Fund
SCH0034AU	Schroder Global Emerging Market Fund
PPL0028AU	Antares Income Fund
PPL5308AU	Antares Ex-20 Australian Equities Fund
BGL0106AU	iShares International Equity Index Fund – Class D
BLK0009AU	BlackRock Global Multi-Asset Income Fund (Aust) – Class D
ETL0276AU	Partners Group Global Value Fund
ETL0434AU	Barrow Hanley Global Equity Fund
PER0048AU	Perpetual Smaller Companies Fund
PER0066AU	Perpetual Global Allocation Alpha Fund
PER0259AU	Perpetual Smaller Companies Fund No.2
PER0668AU	Perpetual Pure Equity Alpha Fund – Class A
PER6115AU	Perpetual Diversified Real Return Fund – Class Z

PRM0010AU	Mutual Cash (MCTDF)
SCH0038AU	Schroder Specialist Private Equity Fund – Professional Class
CSA0046AU	Bentham Wholesale Syndicated Loan Fund
CSA0102AU	Bentham High Yield Fund
CIP0001AU	Cooper Investors Global Equities Fund Hedged
MAQ0838AU	Polaris Global Equity Fund
OMF0009AU	Realm High Income Fund
SCH0096AU	Schroder Multi-Asset Income Fund
SBC0812AU	UBS Short-Term Fixed Income Fund
UBS0004AU	UBS Australian Small Companies Fund
VAN0042AU	Vanguard Diversified Bond Fund
VAN0068AU	Vanguard Global Minimum Volatility Fund
VAN0102AU	Vanguard Short Term Fixed Interest Fund
MAQ0651AU	Walter Scott Emerging Markets Fund
ZUR0518AU	Zurich Investments Unhedged Global Thematic Share Fund
ZUR0617AU	Zurich Investments Concentrated Global Growth Fund
TGP0016AU	ClearBridge RARE Infrastructure Income Fund – Hedged Class A
UBS0064AU	UBS CBRE Global Infrastructure Securities Fund
ETL0349AU	Allan Gray Australian Equity Fund – Class B
HFL0108AU	Apis Global Long/Short Fund
MGL0010AU	Ironbark Global (ex-Australia) Property Securities Fund
PGI0001AU	Principal Global Credit Opportunities Fund
AUS0036AU	Platypus Systematic Growth Fund
CHN0005AU	CC JCB Active Bond Fund
CHN8850AU	CC Redwheel Global Emerging Markets Fund
PIM0941AU	Fairlight Global Small & Mid Cap (SMID) Fund – Hedged
FID0014AU	Fidelity Hedged Global Equities Fund
FSF0084AU	First Sentier Wholesale Global Credit Income Fund
FSF0498AU	First Sentier Wholesale High Growth Fund
FSF1676AU	First Sentier Equity Income Fund
PIM3425AU	First Sentier Cash Fund – Class A
FRT6321AU	Franklin Global Growth Fund – Class W (Hedged)
SSB0064AU	Martin Currie Ethical Values With Income Fund – Class A
SSB0131AU	Western Asset Conservative Income Fund – Class A

ETL0201AU	Martin Currie Emerging Markets Fund – Class A
ETL0052AU	Tribeca Australian Smaller Companies Fund Class A
MAQ3060AU	IFP Global Franchise Fund II
ETL1954AU	L1 Capital International Fund
MGE9705AU	Airlie Australian Share Fund
MGE9885AU	Magellan High Conviction Fund – Class B Units
IPA0075AU	AMP Capital Income Generator
MAQ5143AU	P/E Global FX Alpha Fund
RFA0821AU	Pendal Global Share Fund
WPC1963AU	Daintree Core Income Trust
PER0731AU	PineBridge Global Dynamic Asset Allocation Fund – Class I
ETL4748AU	Quest Long Short Australian Equities Fund
WHT2589AU	Solaris Australian Equity Income Fund
JBW0010AU	Yarra Emerging Leaders Fund
JBW4991AU	Yarra Australian Small Companies Fund
SUN0031AU	Nikko AM Global Share Fund
TYN0038AU	Tyndall Australian Share Income Fund
TYN0104AU	Yarra Australian Bond Fund
CSI3766AU	Challenger Guaranteed Income Fund 4.80 cents p.a. 31 May 2026 (MV\$1)
MLC5609AU	MLC Global Private Equity Fund
MLC7849AU	MLC Wholesale Index Plus Conservative Growth Portfolio
MLC7387AU	MLC Wholesale Index Plus Balanced Portfolio
MLC9748AU	MLC Wholesale Index Plus Growth Portfolio
MLC0920AU	MLC Wholesale Inflation Plus – Moderate Portfolio
MLC0667AU	MLC Wholesale Inflation Plus – Assertive Portfolio – Class A
CNA0805AU	Invesco Wholesale Senior Secured Income Fund
NAB3124AU	Strategic Infrastructure Fund

## Removed investment options

APIR code	Investment option name
<b>CSA0135AU</b>	abrdn Fully Hedged International Equities Fund
<b>PWA0825AU</b>	BlackRock Wholesale International Bond Fund
<b>STL0051AU</b>	Bendigo Diversified Fixed Interest Fund
<b>MAQ0640AU</b>	Macquarie Asia New Stars No.1 Fund
<b>MLT5126AU</b>	Challenger Guaranteed Pension Fund – 31 Dec 2023
<b>MLT5897AU</b>	Challenger GIF 2.03 cents p.a 30 September 2023
<b>GTU0109AU</b>	Invesco Wholesale Global Targeted Returns Fund – Class A
<b>WPC0014AU</b>	Specialist Dynamic Allocation Fund
<b>TGP0006AU</b>	Nikko AM New Asia Fund
<b>ETL7426AU</b>	Cooper Investors Asian Equities Fund
<b>FSF0694AU</b>	First Sentier Wholesale Target Return Income Fund
<b>AMP0442AU</b>	AMP Capital Balanced Growth Fund – Wholesale
<b>MAQ7578AU</b>	Macquarie Professional Series Global Alternatives Fund

## Listed share options

The majority of listed securities in the S&P All Ordinaries, including a range of exchange traded products and other ASX listed securities, are approved by the Trustee from time to time.

# Investment managers

The following investment managers manage the assets of the investment options within the Fund as at 30 June 2023:

abrdrn Australia Limited
Acadian Asset Management LLC
AHL Partners LLP
Allan Gray Australia Pty Ltd
AllianceBernstein Australia Limited
Alpha Fund Managers Pty Ltd
Alphinity Investment Management Pty Ltd
Altius Asset Management
American Century Investment Management, Inc
AMP Capital Investors Limited
Antares Capital Partners Ltd
Antipodes Partners Limited
Ardea Investment Management Pty Ltd
Arrowstreet Capital, Limited Partnership
Aspect Capital Limited
ATLAS Infrastructure (Australia) Pty Ltd
Atrium Investment Management Pty Ltd
Ausbil Investment Management Ltd
Australian Ethical Investment Ltd
Australian Unity Funds Management Ltd
Australian Unity Property Limited
AXA Investment Managers Asia (Singapore) Limited
Axiom Investors LLC
Baillie Gifford Overseas Limited
Bell Asset Management Limited
Bennelong Australian Equity Partners Pty Ltd
Bentham Asset Management Pty Limited
BlackRock Investment Management (Australia) Limited
BNP Paribas Asset Management Australia Limited
Brandywine Global Investment Management, LLC

Candriam Belgium SA
Capital International, Inc.
CBRE Clarion Securities, LLC
Celeste Funds Management Limited
Challenger Life Company Limited
Charter Hall Holdings Pty Ltd
Charter Hall Property Securities Management Limited
ClearBridge Investments Limited
Colchester Global Investors (Singapore) Pte. Ltd.
Colonial First State Investments Limited
Dexus Asset Management Limited
DFA Australia Limited
Eiger Capital Pty Ltd
Eley Griffiths Group Pty Ltd
Epoch Investment Partners, Inc
Fairlight Asset Management Pty Ltd
Fairview Equity Partners Pty Ltd
Fidante Partners Services Limited
FIL Investment Management (Australia) Limited
Firetrail Investments Pty Limited
First Sentier Investors (Australia) IM Ltd
First Sentier Investors Realindex Pty Ltd
Flinders Investment Partners Pty Limited
Franklin Templeton Investments Australia Limited
Global Thematic Partners, LLC
GMO Australia Limited
GQG Partners LLC
Graham Capital Management, L.P
Greencape Capital Pty Ltd
Hamilton Lane Advisors, L.L.C
Henderson Global Investors Limited
Hyperion Asset Management Limited
Impax Asset Management Limited
Independent Franchise Partners LLP

Intermede Investment Partners Limited
Invesco Australia Limited
Investors Mutual Limited
IOOF Investment Services Ltd
J O Hambro Capital Management Limited
Janus Henderson Investors (Australia) Institutional Funds Management Limited
JPMorgan Asset Management (Australia) Limited
Kapstream Capital Pty Ltd
Karara Capital Pty Limited
L1 Capital Pty Ltd
La Trobe Financial Services Pty Limited
Lazard Asset Management LLC.
Lazard Asset Management Pacific Co
Lennox Capital Partners Pty Ltd
Lizard Investors LLC
LM Investment Management Ltd
MA Hotel Management Pty Ltd
Macquarie Investment Management Global Limited
Magellan Asset Management Limited
Maple-Brown Abbott Global Listed Infrastructure Pty Limited
Maple-Brown Abbott Limited
MAPP Pty Ltd
Martin Currie Australia
Melior Investment Management Pty Ltd
Merlon Capital Partners Pty Limited
Metrics Credit Partners Pty Ltd
MFS International Australia Pty Ltd
MFS Investment Management
Milford Australia Pty Ltd
MLC Investments Limited
Morningstar Investment Management Australia Limited
Munro Partners
Nanuk Asset Management Pty Limited
National Mutual Funds Management Ltd

Nikko AM Limited
Nikko Asset Management Asia Limited
NovaPort Capital Pty Limited
OC Funds Management Limited
OC Microcap Pty Ltd
OnePath Funds Management Limited
Orbis Investment Management Limited
PAN-Tribal Asset Management
Paradice Investment Management Pty Ltd
Partners Group Private Markets (Australia) Pty Ltd
Payden & Rygel
Pendal Institutional Limited
Pengana Capital Limited
Perennial Value Management Limited
Perpetual Investment Management Limited
PIMCO Australia Pty Ltd
Platinum Investment Management Limited
Plato Investment Management Limited
Platypus Asset Management Limited
Quay Global Investors Pty Ltd
Realm Investment Management Pty Ltd
Renaissance Property Securities Pty Ltd
Resolution Capital Limited
Robeco Hong Kong Limited
RREEF America L.L.C.
Russell Investment Management Ltd
Sage Capital Pty Ltd
Sandhurst Trustees Limited
Schroder Investment Management Australia Limited
Schroder Investment Management Singapore Limited
SG Hiscock & Company Limited
Smallco Investment Manager Limited
Smarter Money Investments Pty Ltd
Solaris Investment Management Limited

Spheria Asset Management Pty Limited
State Street Global Advisors, Australia, Limited
T. Rowe Price Australia Limited
Talaria Asset Management Pty Ltd
Tribeca Investment Partners Pty Ltd
UBS Asset Management (Australia) Ltd
Value Partners Hong Kong Limited
Vanguard Investments Australia Ltd
Vertium Asset Management Pty Ltd
Walter Scott & Partners Limited
WaveStone Capital Pty Limited
Western Asset Management Company Pty Ltd
WHEB Asset Management LLP
Winton Capital Management Limited
Yarra Capital Management Limited
Yarra Funds 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 2022/23 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 non-compliance 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

Mr Lindsay Raymond Smartt  
(Appointed 6 August 2019)

Ms Beth Veronica McConnell  
(Appointed 17 March 2022)

Mr Steven John Schubert  
(Appointed 17 March 2022)

Ms Karen Nita Gibson  
(Appointed 26 November 2018)

Ms Jane Margaret Harvey  
(Appointed 19 March 2020)

Mr Robert Andrew Bloore  
(Resigned 9 December 2022)

## Policy committees

This section applies to members of IOOF Employer 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.

## Complaints

If you have a complaint (or wish to obtain further information about the status of an existing complaint), please contact Customer Care on 1800 913 118 or write to Customer Care, GPO Box 264, Melbourne VIC 3001.

We will provide you with all reasonable assistance and information you may require for the purpose of making a complaint and assist you in understanding our complaints handling procedures.

Complaints are managed in accordance with a regulatory guide governed by ASIC, specifically Regulatory Guide 271 (RG271). For more information on the regulatory guide, visit the ASIC website on [www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-271-internal-dispute-resolution/](http://www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-271-internal-dispute-resolution/).

You have the option to lodge a complaint with AFCA directly rather than lodging a complaint with us. Otherwise, you can also lodge a complaint with AFCA if you are not satisfied with our response or if your complaint has not been resolved within the maximum timeframe prescribed by ASIC's RG 271. AFCA provide a fair and independent financial services complaint resolution that is free to consumers. Time limits may apply to complain to AFCA. Please act promptly and consult the AFCA website to find out if or when the time limit relevant to your circumstance expires.

**Website:** [www.afca.org.au](http://www.afca.org.au)

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Telephone:** 1800 931 678 (free call)

**In writing to:** Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

# 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 Trustee of the Fund, we consider ESG capabilities wherever possible when selecting, retaining, or removing fund managers and managed investments from the investment menus, and as part

of our broad range of investment options, we offer specific ethical 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 including the indirect costs of each of the investment options is contained in the relevant PDS, a copy of which can be obtained by calling our ClientFirst Team, or from our relevant website. Current Fund-level asset allocations can be obtained at any time. You can also access member-level asset allocation through your account online. Alternatively, paper copies of updated information will be provided free of charge on request.

## Understanding investment performance

The investment performance of the Fund is determined by reference to the investment performance of the assets of the Fund, and different types of assets will perform differently in different market conditions. In your product, you get to choose the assets (investment options) that your super (and, accordingly, the Fund) is invested in. The investment performance of those investment options is directly allocated to you. You should refer to your annual

statement for the year ended 30 June 2023 for details of the investment performance of your chosen investment options.

Alternatively, information on the performance of accessible listed securities and term deposits are available through your online account. Additional information on the performance of all managed funds available through your product is available from your financial adviser.

## Abridged financial statements

Set out on the following pages are the abridged financial statements detailing the Fund's financial transactions for the year ended 30 June 2023.

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 ClientFirst Team or email us.

The auditor has issued an unmodified audit report in respect of the financial statements.

## Abridged Financial Information – Statement of financial position for the year ended 30 June 2023

	2023 \$m	2022 \$m
<b>Assets</b>		
Cash and cash equivalents	2,048	2,155
Outstanding settlements receivable	62	78
Receivables	549	903
Investment assets:		
Equities	2,860	2,571
Interest bearing securities	196	213
Term deposits	557	202
Pooled superannuation trusts	5	5
Unlisted unit trusts	28,639	25,380
Annuities	122	111
Current tax assets	4	–
Deferred tax assets	–	77
<b>Total assets</b>	<b>35,042</b>	<b>31,695</b>
<b>Liabilities</b>		
Payables and accruals	37	32
Outstanding settlements payable	3	–
Current tax liabilities	–	115
Deferred tax liabilities	48	–
<b>Total liabilities excluding member benefits</b>	<b>88</b>	<b>147</b>
<b>Net assets available for member benefits</b>	<b>34,954</b>	<b>31,548</b>
<b>Member benefits</b>		
Defined contribution member liabilities	34,715	31,311
Defined benefit member liabilities	15	19
Unallocated surplus	102	131
<b>Total member liabilities</b>	<b>34,832</b>	<b>31,461</b>
<b>Total net assets</b>	<b>122</b>	<b>87</b>
<b>Equity</b>		
Operational Risk Financial Requirement reserve	87	79
Defined benefit that are over/(under) funded	2	3
General reserve	30	2
Other reserves	3	3
<b>Total equity</b>	<b>122</b>	<b>87</b>

## Abridged Financial Information – Income statement for the year ended 30 June 2023

	<b>2023</b>	<b>2022</b>
	<b>\$m</b>	<b>\$m</b>
<b>Superannuation activities</b>		
Interest income	92	25
Dividend income	85	160
Distribution income	790	1,176
Rebates received	1	2
Net change in fair value of investments	1,905	(3,216)
Other income	11	39
<b>Total revenue/(loss)</b>	<b>2,884</b>	<b>(1,814)</b>
<b>Expenses</b>		
Administration expenses	243	256
Investment expenses	1	1
Other operating expenses	10	5
<b>Total expenses</b>	<b>254</b>	<b>262</b>
<b>Profit/(loss) from operating activities</b>	<b>2,630</b>	<b>(2,076)</b>
(Less)/add: Net benefits allocated to defined contribution member accounts	(2,721)	1,815
(Less)/add: Net change in defined benefit member liabilities	(2)	–
<b>Profit/(loss) before income tax</b>	<b>(93)</b>	<b>(261)</b>
Income tax benefit	87	255
<b>Profit/(loss) after income tax</b>	<b>(6)</b>	<b>(6)</b>

## Abridged Financial Information – Statement of changes in member benefits for the year ended 30 June 2023

	Defined Contribution Members \$m	Defined Benefit Members \$m	Total \$m
<b>Opening balance of member benefits as at 1 July 2022</b>	31,442	19	31,461
Contributions:			
Employer	796	1	797
Member	1,256	–	1,256
Transfer from other superannuation funds	2,233	–	2,233
Transfer to other superannuation funds	(1,246)	–	(1,246)
Income tax on contributions	(152)	–	(152)
<b>Net after tax contributions</b>	<u>2,887</u>	<u>1</u>	<u>2,888</u>
Benefits to members/beneficiaries	(2,153)	(7)	(2,160)
Insurance premiums charged to members' accounts	(99)	–	(99)
Death and disability benefits credited to members' accounts	60	–	60
<b>Reserves transferred from members' accounts</b>			
ORFR reserve	(4)	–	(4)
General reserve	(37)	–	(37)
<b>Benefits allocated to members' accounts comprising:</b>			
Net investment income	2,964	–	2,964
Administration fees	(243)	–	(243)
Net change in defined benefit member benefits	–	2	2
<b>Closing balance of member benefits as at 30 June 2023</b>	<u>34,817</u>	<u>15</u>	<u>34,832</u>
<b>Opening balance of member benefits as at 1 July 2021</b>	33,008	20	33,028
Contributions:			
Employer	697	1	698
Member	817	–	817
Transfer from other superannuation plans	2,118	–	2,118
Transfer to other superannuation plans	(1,551)	–	(1,551)
Income tax on contributions	(132)	–	(132)
<b>Net after tax contributions</b>	<u>1,949</u>	<u>1</u>	<u>1,950</u>
Benefits to members/beneficiaries	(1,669)	(2)	(1,671)
Insurance premiums charged to members' accounts	(101)	–	(101)
Death and disability benefits credited to members' accounts	70	–	70
<b>Reserves transferred from members' accounts</b>			
ORFR reserve	–	–	–
General reserve	–	–	–
<b>Benefits allocated to members' accounts comprising:</b>			
Net investment income	(1,559)	–	(1,559)
Administration fees	(256)	–	(256)
Net change in defined benefit member benefits	–	–	–
<b>Closing balance of member benefits as at 30 June 2022</b>	<u>31,442</u>	<u>19</u>	<u>31,461</u>

## Abridged Financial Information – Statement of changes in reserves for the year ended 30 June 2023

	Operational Risk Financial Requirement reserve \$m	Defined benefit that are over/(under) funded \$m	General reserve \$m	Other reserves \$m	Total equity \$m
<b>Opening balance as at 1 July 2022</b>	79	3	2	3	87
Net transfers from members' accounts	4	–	37	–	41
Profit/(loss)	4	(1)	(9)	–	(6)
<b>Closing balance as at 30 June 2023</b>	87	2	30	3	122

	Operational Risk Financial Requirement reserve \$m	Defined benefit that are over/(under) funded \$m	General reserve \$m	Other reserves \$m	Total equity \$m
<b>Opening balance as at 1 July 2021</b>	79	5	6	3	93
Profit/(loss)	–	(2)	(4)	–	(6)
<b>Closing balance as at 30 June 2022</b>	79	3	2	3	87

## Operational Risk Financial Requirement (ORFR Reserve)

The Government requires superannuation fund trustees to hold adequate financial resources to cover any losses that members incur due to an operational risk event. The ORFR Reserve has been funded by the members. The Trustee has assessed a target amount of 0.25% of funds under management for the Fund. These reserve monies were moved from cash to investment assets that match the investment allocation of the Fund.

The balance of the ORFR Reserve at the end of the last 3 financial years is summarised below:

- 30 June 2023: \$87M
- 30 June 2022: \$79M
- 30 June 2021: \$79M

## General Reserves

We have established general reserves to provide liquidity to assist in the management of the Fund for the benefit of members. We manage and replenish these reserves in accordance with its applicable policy, with the guiding principle that the general reserves should be replenished from sources that are not easily allocated back to members, unless members have been explicitly advised.

The balance of the General reserve at the end of the last 3 financial years is summarised below:

- 30 June 2023: \$30M
- 30 June 2022: \$2M
- 30 June 2021: \$6M

For details of the balances and movement of the general reserve and other reserves, refer to the Abridged financial information – Statement of changes in reserves on page 27.

## Abridged Financial Information – Statement of cash flows for the year ended 30 June 2023

	2023 \$m	2022 \$m
<b>Cash flows from operating activities</b>		
Interest received	76	23
Dividends received	85	166
Distributions received	1,163	1,305
Rebate received	2	2
Other revenue received	7	40
Administration expenses paid	(237)	(252)
Insurance premiums paid	(99)	(101)
Other expenses paid	(12)	(15)
Income tax received/(paid)	93	(44)
<b>Net cash flows from operating activities</b>	1,078	1,124
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	8,218	8,319
Purchases of investments	(10,190)	(9,577)
<b>Net cash flows from investing activities</b>	(1,972)	(1,258)
<b>Cash flows from financing activities</b>		
Employers' contribution	796	698
Members' contribution	1,256	817
Transfer from other superannuation funds	2,233	2,118
Transfer to other superannuation funds	(1,246)	(1,551)
Income tax on contributions	(152)	(132)
Benefits to members/beneficiaries	(2,160)	(1,671)
Death and disability benefits credited to members' accounts	60	70
<b>Net cash flows from financing activities</b>	787	349
<b>Net increase/(decrease) in cash and cash equivalents</b>	(107)	215
<b>Cash and cash equivalents at the beginning of the year</b>	2,155	1,940
<b>Cash and cash equivalents at the end of the year</b>	2,048	2,155

## Concentration of assets of the Fund

As at 30 June 2023, the following underlying investment exceeded five per cent of the total assets of the Fund:

- 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.

Furthermore, 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.

## 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:

- 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
- minimise transaction costs associated with spread on physical market transactions
- facilitate 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 members' interest in the investment.

# Contact us

## Trustee

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