

StatePlus Retirement Fund Annual Report 2017



Formerly State Super Financial Services



Michelle and Geoff
StatePlus clients

Contents



*Cecilia and Victor
StatePlus clients*

	PAGE
Chairman's Report	3
Company News	4
Your Trustees	6
Performance of the Funds	8
Important Information About Your Super	10
Investment Management	12
Additional Information	27
Financial Information	28
Directory	31

STATEPLUS RETIREMENT FUND

STATE SUPER FINANCIAL SERVICES AUSTRALIA LIMITED TRADING AS STATEPLUS (ABN 86 664 654 341) COMPRISES THE FOLLOWING:

StatePlus Personal Retirement Plan	USI SSI0017AU
StatePlus Allocated Pension Fund	USI SSI0009AU
StatePlus Term Allocated Pension Fund	SSI0014AU
StatePlus Tailored Super Plan	USI 86664654341001
StatePlus Flexible Income Plan	USI 86664654341002

Chairman's Report

We're stronger together

June 2017 was an exciting milestone – it marked one year since StatePlus was acquired by First State Super, creating the largest member-owned financial planning network in Australia. I'm very proud to say that one year on, together we're stronger and even better positioned to look after you, our clients.

The combination of our two organisations has further strengthened what's at the core of our values and beliefs – helping you reach your financial and life goals. StatePlus and First State Super together manage over \$80 billion in funds, and now have an even stronger regional network to service our clients. We have over 200 financial planners located in 26 metropolitan and regional offices and service centres, with a regular presence in over 70 other sites across Australia.



This combined strength has helped our organisation deliver solid returns at appropriate risk levels, while remaining focused on the client, in an environment of geopolitical uncertainty.

A relationship of trust

For StatePlus, one thing that we're absolutely focused on is dedication to our clients. Our planners are committed to partnering with you in your retirement journey, and it's not just about financial matters.

In my recent visits to our offices, I've had the privilege of listening to some really heartwarming stories from our financial planners – stories about how their relationship with clients have evolved from one based on purely financial advice, to one of partnership and trust. Time and time again I've heard planners tell me about how they have provided guidance on life stage planning, support on personal issues, or simply a listening ear.

We continue to be committed to partnering with you to reach and maintain financial freedom – to have the confidence that you will have 'enough money' to support the lifestyle you want in retirement, no matter what life stage you're at.

Financial advice the way you want it

We've been investing in our digital capability and technology so that you can access financial advice the way you want it. In early September we launched a new secure website that brings you more services, greater flexibility and even higher levels of security.

We're very proud to deliver the latest in digital technology so that you can benefit from multiple communication channels. What this means is that we've expanded our range of services across both traditional and digital channels so that you can now do more online. If you prefer to interact with us in other ways, such as face-to-face or on the phone, you can continue to do so. You can read more about this in the Company News section.

Investing in your future

I'd like to share an interesting observation I've made in the course of conversations with other leaders in the financial services industry. At StatePlus our approach is to prioritise strategies that generate returns over and above the rate of inflation. In retirement it's important to take only as much risk as you need to, rather than seek high-risk, high-return outcomes. So our conversations have invariably started with, 'what's in the best interest of the client?' And this is what my colleagues and peers have noticed – that at StatePlus, our discussions centre around making sure our clients get the best outcomes.

This really is at the heart of everything we do. Whether it's investing, providing advice, or building your superannuation and retirement income, all of us at StatePlus are totally focused on what delivers the best outcome to you, our client.

I thank all who have helped make this past year a success and have full confidence in the leadership of our organisation as we continue to invest in our business, people and technology so that we can build on our successes and help you reach your retirement goals.

Best wishes

Neil Cochrane

Company News

We're very pleased to report that StatePlus has had a successful 2017, a year of significant change and growth.

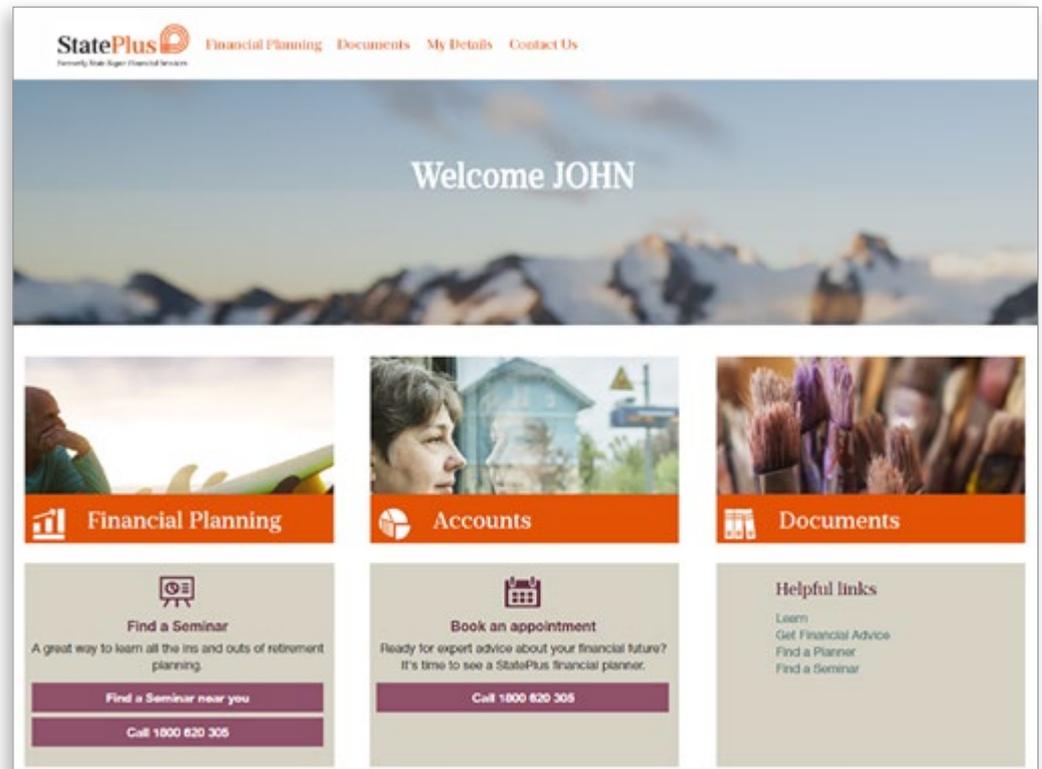
June 2017 marked one year since the acquisition of StatePlus by First State Super and in that time we have successfully come together as one organisation. Our combined organisation now has over \$80 billion in funds under management, more than 200 financial planners, a state-of-the-art digital platform, and superannuation and retirement solutions that are tailored to clients' needs.

Externally we saw significant changes in the regulatory environment, with many of these changes becoming law on 1 July 2017. Through all these changes our focus continues to be on delivering high-quality financial planning advice and service to our clients.

Moving to the future

At StatePlus our vision is to be a world-leading professional services firm. With that vision in mind we're excited to announce that we've recently completed a digital transformation of our operating model.

The new operating model for our business will enable us to improve both the efficiency of our operations and the level of service we offer our clients. At its core is our new secure website which is mobile-responsive and gives you online real-time access to a personalised portfolio of services, making it quick and easy for you to do business with us and stay up-to-date with your superannuation and investments.



StatePlus
New Secure Website

Company News

A stronger, combined Investment Team

The integration with First State Super provided us with the opportunity to create an investment team that combines a broad range and depth of experience from both organisations.

The StatePlus investment team has now been integrated with the First State Super investment team, giving us access to a significantly larger team of highly-specialised investment experts. With over \$80 billion in funds under management, we'll be able to achieve benefits of scale that were previously not possible, as well as achieve cost savings to help us deliver strong value for money to clients.

Above all, our focus at StatePlus has not changed, which is to maximise retirement income for you. We understand your needs as retirees are different from investors in the accumulation stage of superannuation. Our focus on retirement is reflected in everything we do, from the design of our products and services to how we manage money.

To reflect this focus Michael Winchester has been appointed to the role of Head of Retirement Strategy and will be responsible for steering the investment direction of the StatePlus portfolios.



*Michael Winchester
Head of Retirement Strategy*

Bringing you better products and services

The acquisition of StatePlus by First State Super created the largest member-owned financial planning business in Australia. As with the Investment Team mentioned above, we have since been working to consolidate the advice arms of both businesses. This integration will enable us to improve our product and advice offering as well as the way we provide services. For example, we will have more offices in more locations, bringing benefits to a wider audience, particularly clients who live outside the major population centres.

There will be no change to current relationships between planners and clients, but we aim to be forming many new ones.

Your Trustees



› Neil Cochrane

Chairman of the Board

Member of the Human Resources Committee

In a career spanning 38 years in financial services, Neil's previous roles have included Deputy CEO and Global Head of Business Development at Colonial First State Global Asset Management (CFSGAM); CEO of the Retail Employees Superannuation Trust (REST) and CEO of Southern Asset Management in South Africa.

In addition, Neil has held several non-executive roles within the retail banking, investment management and trust industries.

He has previously chaired the Superannuation Complaints Tribunal Advisory Council, was a Director of the Association of Superannuation Funds of Australia (ASFA) and has been an independent adviser to Auscoal Superannuation (now Mine Wealth + Wellbeing).



› Mark Lennon

Chair of the Human Resources Committee

Member of the Investment Committee

Mark was Secretary of Unions NSW between 2008 and 2015 and previously held a number of positions including Assistant Secretary, Training Officer, Industrial Officer and Executive Officer.

His responsibilities at Unions NSW have included industrial and political work in the areas of railways, electricity, health, industrial legislation, occupational health and safety, forestry and superannuation.

Mark is a former director of Asset Super and Chifley Financial Services.



› Sue Carter

Member of the Audit, Risk and Compliance Committee

Sue is an Australian Institute of Company Directors Core Facilitator in directors' duties, financial reporting, decision-making and board processes.

Sue is a past ASIC Regional Commissioner for Victoria and past director of the Professional Indemnity Insurance Company Australia and Treasury Corporation of Victoria.

Sue qualified as a Chartered Accountant with KPMG in the UK.



› John Warburton

Chair of the Audit, Risk and Compliance Committee

John's executive career spanned 25 years during which time he held a number of senior positions including 12 years spent as CFO and then CEO of specialist insurer OAMPS Limited.

For the last 22 years he has acted as a professional director with a number of appointments in both the private and public sector.

Past roles include director and chair of Vision Super, chairman of Tandou Limited, deputy chair of Victorian Managed Insurance Authority, trustee of Melbourne Convention & Exhibition Trust and Chairman of Australian Wealth Management Limited.



› Trevor Carr

Member of the Investment Committee

Trevor has built an extensive career in governance, policy evaluation and advocacy, and the operation of public healthcare and aged care services.

Trevor has been directly involved with health service and aged care provider boards for more than 30 years and was formerly CEO of Leading Age Services Australia Victoria (LASA Victoria). LASA National is now the peak body for aged care in Australia, and the united voice for providers and other organisations associated with aged and community care.

Previously, Trevor was Chief Executive Officer of the Victorian Healthcare Association (VHA), a position he held for eight years.

Appointed 28 September 2016

Your Trustees



> Roslyn Ramwell

Member of the Human Resources Committee

Roslyn is a professional company director in the financial services sector. She has served on Investment, Remuneration and Audit, Risk and Compliance board committees. She has over 25 years' experience in superannuation in both the private and public sector, including a number of years with the Insurance and Superannuation Commission (now APRA). She was the CEO of the Harwood Superannuation Fund, a complex defined benefit corporate fund, for 12 years.

Roslyn is a Life Member of the Association of Superannuation Funds of Australia (ASFA) and was a director for 12 years. She is an ASFA Accredited Investment Fiduciary and a Trustee Fellow.

Appointed 28 September 2016



> Michael Rice

Chairman of the Investment Committee

Member of the Audit, Risk and Compliance Committee

Michael specialises in providing strategic advice to financial institutions, fund managers, government agencies, industry associations and large superannuation funds. Michael is the Chief Executive Officer of Rice Warner, which he founded in December 1987. Michael heads up Rice Warner's public policy work.

Michael has undertaken pioneering research into Age Pension dependency and trends. He has a keen interest in the integration of social security and superannuation as well as measuring the adequacy of retirement incomes.

He was Chairman of QSuper's Investment Committee from January 2009 to June 2013 and remained an independent investment expert on the committee until March 2016. He is a former Councillor of the Actuaries Institute.

Michael is also a member of the Advisory Board of the ANU College of Business and Economics.

Appointed 28 September 2016

Performance of the Funds

RETURNS OF THE FUNDS for the period ending 30 June 2017 (Net of fees and taxes)

StatePlus Personal Retirement Plan

Returns of the Funds - Years ended 30 June 2017 (net of all fees and taxes)

	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	Since inception	Inception Date
% pa								
Cash	1.1	1.1	1.3	1.5	2.1	2.6	3.7	16/04/1990
Fixed Interest	1.1	2.4	2.8	3.1	-	-	3.8	20/07/2011
Capital Stable	3.5	3.3	3.4	3.8	3.9	3.5	5.5	19/04/1990
Moderate	4.1	3.8	4.6	5.9	-	-	5.7	20/07/2011
Balanced	5.6	4.4	5.6	8.0	7.1	4.0	6.5	22/04/1990
Growth	7.2	4.9	6.5	10.7	8.9	4.0	5.4	10/05/1997
Growth Plus	9.6	5.5	7.6	11.8	-	-	9.4	20/07/2011
Australian Equities	11.4	6.7	6.6	11.0	-	-	9.0	18/07/2011
International Equities	12.9	6.1	9.7	13.9	-	-	12.1	26/07/2011

StatePlus Allocated Pension Fund and Term Allocated Pension Fund

Returns of the Funds - Years ended 30 June 2017 (net of all fees and taxes)

	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	Since inception	Inception Date
% pa								
Cash	1.2	1.4	1.5	1.7	2.3	3.0	4.0	29/01/1994
Fixed Interest	1.1	2.9	3.2	3.5	-	-	4.3	18/07/2011
Capital Stable	3.8	3.7	3.8	4.3	4.5	4.1	5.3	25/01/1994
Moderate	4.4	4.3	5.1	6.5	-	-	6.2	20/07/2011
Balanced	6.0	4.9	6.1	8.7	7.8	4.5	6.3	25/01/1994
Growth	8.1	5.4	7.2	11.2	9.5	4.4	6.3	10/05/1997
Growth Plus	10.2	6.4	8.3	12.9	-	-	10.7	18/07/2011
Australian Equities	12.4	7.6	7.6	12.4	-	-	8.5	20/07/2011
International Equities	13.0	6.3	10.2	14.9	-	-	12.5	20/07/2011

Performance of the Funds

StatePlus Tailored Super Plan

Returns of the Funds - Years ended 30 June 2017 (net of all fees and taxes)

	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	Since inception	Inception Date
% pa								
Cash	1.6	1.7	1.9	-	-	-	2.0	2/04/2013
Fixed Interest	1.6	3.0	3.4	-	-	-	3.3	2/04/2013
Capital Stable	4.1	3.9	4.1	-	-	-	3.9	2/04/2013
Moderate	4.7	4.6	5.3	-	-	-	5.6	2/04/2013
Balanced	6.2	5.0	6.2	-	-	-	7.1	2/04/2013
Growth	8.2	5.5	7.3	-	-	-	8.8	2/04/2013
Australian Equities	12.1	7.6	7.5	-	-	-	7.7	2/04/2013
International Equities	13.3	6.9	10.4	-	-	-	12.2	2/04/2013

StatePlus Flexible Income Plan

Returns of the Funds - Years ended 30 June 2017 (net of all fees and taxes)

	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	Since inception	Inception Date
% pa								
Cash	1.7	1.9	2.0	-	-	-	2.1	2/04/2013
Fixed Interest	1.7	3.5	3.8	-	-	-	3.7	2/04/2013
Capital Stable	4.5	4.4	4.5	-	-	-	4.4	2/04/2013
Moderate	5.1	5.1	5.8	-	-	-	6.1	2/04/2013
Balanced	6.7	5.6	6.9	-	-	-	7.6	2/04/2013
Growth	8.9	6.2	8.0	-	-	-	9.6	2/04/2013
Australian Equities	13.5	8.7	8.5	-	-	-	8.8	2/04/2013
International Equities	13.8	7.0	10.9	-	-	-	11.7	2/04/2013

The returns set out above are compound average annual returns and have been calculated after deducting fees and expenses payable by each Fund.

Returns are calculated based on the movement of a Fund's unit price over the relevant period.

Past performance is not a reliable predictor of future investment returns. Markets can be volatile and can move rapidly up and down.

These performance returns do not take into consideration your individual transactions and therefore, may not fully reflect your investment experience.

Inflation

	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr
%						
CPI	2.1	1.8	1.6	2.1	2.2	2.5

Important Information About Your Super

Changes to super effective 1 July 2017

The Government made a clear statement that the intention of superannuation is to “provide income in retirement to substitute or supplement the Age Pension” by enshrining this objective in law. The result is that the Government has changed the law to restrict the ability for Australians to use the super system as an estate planning/wealth accumulation and transfer tool. The changes that came into effect on 1 July 2017 align with this new objective and aim to improve the sustainability, flexibility and integrity of the superannuation system.

For more information on these changes, please visit ato.gov.au/Individuals/Super/In-detail/Guidance-notes-for-super-changes or talk to your financial planner.

Unless stated otherwise, all changes below took effect from 1 July 2017.

Changes to super

- Non-concessional contributions – The non-concessional contributions cap has reduced to \$100,000 per annum (subject to indexation) from \$180,000 in 2016/17.
- Further, an additional constraint applies such that individuals with a total super balance of more than \$1.6 million as at the end of the preceding financial year will no longer be eligible to make non-concessional contributions. As is currently the case, individuals under age 65 can bring forward 3 years of non-concessional contributions (i.e. up to \$300,000), however restrictions apply if their total super balance is more than \$1.4 million. Transitional cap arrangements also apply if an individual has not fully used their ‘bring forward’ allowance before 1 July 2017.
- Concessional contributions – The concessional contribution cap has reduced to \$25,000 per annum (subject to indexation) for everyone. In 2016/17 the concessional contributions cap was \$30,000 if you were under age 50 and \$35,000 if you were 50 or over during the financial year.
- Further, commencing 1 July 2018, in order to assist individuals who have had a break from the workforce, any unused concessional contribution cap amounts can be carried forward on a rolling five year basis if your superannuation balance is under \$500,000 as at the end of the preceding financial year.
- Tax deductibility of personal contributions – Anyone under the age of 65, and those aged 65 to 74 who meet the work test, can claim an income tax deduction for personal superannuation contributions up to the concessional contributions cap. Previously this was restricted to individuals who were not employed or primarily self-employed.
- Tax offset for spouse contributions – The spouse income threshold for an individual to be eligible to claim a tax offset in respect of a contribution made into their spouse’s super has increased to \$40,000. The maximum offset can be claimed if the spouse’s income is less than \$37,000.
- Change in surcharge income threshold – If your income for Division 293 surcharge purposes added to certain contributions exceeds the relevant thresholds, an additional tax of 15% will be applied to your taxable concessional contributions. The Division 293 surcharge income threshold at which contributions incur an additional 15% tax has reduced to \$250,000. In 2016/17 it was \$300,000.
- Low Income Superannuation Tax Offset – The Low Income Superannuation Contribution (LISC) scheme has been replaced by the Low Income Superannuation Tax Offset (LISTO). If your income is below \$37,000, the LISTO will provide a tax offset of up to \$500 for contributions tax paid on the concessional contributions made into your account.



Important Information About Your Super

Changes to super in retirement

- Transition to retirement income streams – In order to ensure transition to retirement income streams are used as originally intended, transition to retirement income streams no longer receive tax free earnings. Instead, earnings on transition to retirement income streams will be taxed at the same rate as superannuation funds in the accumulation phase, at up to 15%. To comply with this new measure StatePlus's Pre-Retirement Allocated Pension and Pre-Retirement Flexible Income Plan closed on 30 June 2017.
- Cap on funds transferred into pension phase – A \$1.6 million transfer balance cap, indexed in line with the Consumer Price Index (CPI), applies on the total amount of accumulated superannuation you can transfer into the pension phase. This limits the amount of funds that you can transfer into the pension phase (across all accounts from all providers) to receive tax free earnings. Any existing amounts in excess of the cap need to be withdrawn or transferred back into the accumulation phase, where earnings are taxed at up to 15%.

Tax on death benefits

- Removal of anti-detriment payments – Beginning 1 July 2017, the ability for super funds to increase lump sum death benefits by making anti-detriment payments ceased.

Expiry of Temporary Budget Repair Levy

- The additional 2% Temporary Budget Repair Levy has ceased. This effectively reduces a number of tax rates that are aligned to the top marginal tax rate from 49% back to 47% (including Medicare Levy).

Proposed changes to your super

The Federal Government has announced a number of proposals that, if made law, could have an impact on your retirement savings. It is important to note that these proposals may not become law or may be amended before coming into effect. For more information on the proposed changes, please visit treasury.gov.au or talk to your financial planner.

First home super saver scheme (FHSSS)

The Government proposes to introduce a First Home Super Saver Scheme (FHSSS) to help Australians boost their savings for their first home by allowing them to build a deposit inside superannuation. The FHSSS will apply to voluntary superannuation contributions, such as salary sacrifice or personal contributions, of up to \$15,000 per year and \$30,000 in total made from 1 July 2017. These contributions, along with deemed earnings can be withdrawn for a home deposit from 1 July 2018. Concessional (pre-tax) contributions are taxed at 15 per cent and if withdrawn as part of the FHSSS will be taxed at the individual's marginal tax rates less a 30% offset.

Home proceeds downsizer contribution

The Government proposes to reduce barriers for older Australians to downsize from homes that no longer meet their needs by allowing them to contribute some of the proceeds of selling their homes into superannuation. From 1 July 2018, people aged 65 and over will be able to make a non-concessional (post-tax) contribution into their superannuation of up to \$300,000 from the proceeds of selling their home. Existing contribution caps and restrictions will not apply to this downsizer contribution at the time, but the \$1.6 million transfer balance cap and Age Pension means test will continue to apply and it will count towards total superannuation balance tests in later years. The measure will apply to homes held for a minimum of ten years, and both members of a couple may take advantage of it.

Investment Management

How do we manage your money in the unitised Funds?

We operate a multi-manager investment approach in which most of the assets of the unitised Funds are typically managed by external specialist investment managers, either directly or through a series of discrete investment trusts, of which we are the trustee. We regularly monitor the investment performance of each unitised Fund and the investment mandates of the investment managers. We may change investment managers from time to time without notice to you. The managers active as at 30 June 2017 are shown on page 14. You can find the current list of investment managers by going to stateplus.com.au/fundmanagers.

The assets you will have exposure to will depend on the unitised Fund(s) you choose to invest in.

Asset allocation ranges

For each Fund we have set a minimum and maximum amount that can be invested in each asset class, called the asset allocation range, which is shown on pages 17 to 25.

Strategic asset allocation

Each Fund has a medium to longer term target allocation of assets between the asset classes (called the strategic asset allocation for the Fund), based on the investment objective (goal) of that Fund. The strategic asset allocation for each fund, current as at 30 June 2017, is set out on pages 17 to 25. We may review and vary a Fund's strategic asset allocation or asset allocation range from time to time, consistent with the investment objective of each Fund without notice to you. However, the strategic asset allocation will generally be within the asset allocation range shown on pages 17 to 25. We regularly review the assets associated with each Fund and, where necessary, take steps to buy and sell assets to maintain each Fund around its strategic asset allocation, as adjusted by any strategic tilt (see below).

We regularly review and update the strategic asset allocation of each fund. The aim of these reviews is to ensure we have the right mix of assets to achieve the objectives of each individual fund.

The strategic asset allocation of the Funds in force at any particular time is available on the StatePlus website (stateplus.com.au/investmentoptions) or you can obtain a copy without additional charge from your financial planner.

Strategic tilting

The tables on pages 17 to 25 setting out the strategic asset allocations for each Fund represent the medium to longer term target asset allocations of the Funds.

However, the short to medium term target asset allocations of the Funds in place at any particular time may vary from the target amounts set out in the tables on pages 17 to 25. This is because we have adopted a strategic tilting approach to target asset allocations. When opportunities arise due to market movements, we may make changes to the target asset allocation of one or more Funds with the intention of improving the Fund's ability to meet its performance and risk objectives. Strategic tilts are generally in place for the short to medium term, and must be consistent with the investment objective and investment strategy for a Fund.

In some circumstances, the asset allocation may be moved outside the asset allocation ranges shown on pages 17 to 25. Typically, this would be expected to occur where we deem it necessary to respond to market movements.

Strategic tilting can be applied across, or within, asset classes and may also apply to the proportion of international asset exposure that is hedged back to Australian dollars.

The medium to longer term strategic asset allocation remains unchanged when a strategic tilt is in place. When a strategic tilt ends, the target allocation of assets of a Fund returns to the strategic asset allocation.

Strategic tilts may be implemented from time to time and without prior notice.

How is currency exposure managed?

When investing in overseas assets such as International Equities or International Fixed Interest, you can generate returns from changes in exchange rates as well as changes in asset values. We may hedge some of the currency exposure back to Australian dollars in order to manage risk or enhance returns.

On each Fund profile shown on pages 17 to 25 we show the target currency exposure and range of currency exposure as a percentage. The percentage of currency exposure refers to the proportion of assets in a fund that is subject to foreign exchange rate movements. The remainder of the fund is either hedged back to, or denominated in, Australian dollars. For example if a fund has currency exposure of 15% then 85% of the fund is hedged back to, or denominated in, Australian dollars.

Investment Management

We will change the currency exposure over time with the intention of improving the Fund's ability to meet its performance and risk objectives.

Derivatives

Derivatives are contracts between two parties providing for a payoff from one party to the other based on the price of a reference asset (e.g. a share price index). Derivatives may be used to manage risk. For example you may use derivatives to hedge exposure to assets denominated in a foreign currency. Derivatives may be used to gain exposure to assets more cost effectively than buying and selling directly (e.g. when transitioning a portfolio to a new investment manager or undertaking a strategic tilt). Derivatives can also be used to enhance returns from certain market movements. This can include leveraging your exposure to an asset or by synthetically selling an asset you do not own with the aim of profiting from a fall in price of the asset. This is often termed "short selling".

Environmental, social and governance issues

Our aim is to consider and incorporate Environmental, Social and Governance (ESG) issues to improve portfolio outcomes and support sustainable development across a range of issues. Further developing our ESG positioning has been an area of focus for us over the past year. To find out more about what our ESG approach means for you visit stateplus.com.au/ESG

We believe that good governance within our portfolio assets is important to creating sustainable investment returns. We also recognise that climate change is not just an environmental issue but also a major economic force that is resulting in long term changes to the regulatory, business and social environment. To reflect this, our strategic asset allocation process now incorporates assumptions for climate change risks.



We primarily entrust integration of ESG issues to the external investment managers we engage. Whilst we currently do not require all investment managers to integrate ESG considerations into their investment process we consider a manager's capabilities on ESG matters as part of our manager selection and review process.

We have no pre-determined ideological views regarding what constitutes environmental, social or governance matters or how (or the extent to which) these matters should be incorporated into investment practices (e.g. the use of negative "filters" preventing investment in particular assets and/or the use of positive "filters" directing investment in assets which satisfy ESG criteria). Therefore, we do not mandate that managers exclude investments in companies, asset types, or industry sectors, based solely on moral or ethical grounds. We have, however, mandated that managers do exclude direct investments in companies involved in the manufacture of cigarettes and other tobacco products (as defined by MSCI Global Industry Classification Standard Industry Sector 302030) across all asset classes and portfolios. Our decision to prohibit these investments was based on a review of the tobacco industry and an assessment of the challenges and outlook for the sector. This decision provides consistency and better alignment with our investment beliefs. You can view our investment beliefs at stateplus.com.au/get-financial-advice/our-investment-beliefs.

Outcomes of Proxy Voting activity undertaken by investment managers are available on the website (stateplus.com.au/esg).

Investment Management

The key to StatePlus' investment approach is disciplined monitoring and researching of our current investment managers and potential new managers who may provide a more competitive, long-term investment outcomes aligned to the needs of our clients. Research confirms that past performance is a poor predictor of future investment performance so we focus on many factors to assess a fund manager's overall capabilities. For example, we make regular formal reviews of our managers where we set the agenda for discussion and probe for any weaknesses in investment approach.

Sector Trust	Manager
Cash	BlackRock Investment Management (Australia) Limited
Fixed Rate Notes	Deutsche Bank AG Flag Asset Management
Alternatives	AQR Capital Management Standard Life Investments 36 South Capital Advisors LLP Invesco Perpetual GSA
Australian Fixed Interest	Macquarie Funds Group Challenger Limited Russell Investments Limited Aberdeen Asset Management Limited Metrics Credit Partners Perpetual Limited Deutsche Bank AG BlackRock Investment Management (Australia) Limited
International Fixed Interest	Russell Investments Limited BlackRock Investment Management (Australia) Limited
Property	DEXUS Property Group EG Funds Management Charter Hall Group AMP Capital
High Yield Fixed Interest	Oaktree Capital Management LP Ares Management LP Alcentra Deutsche Bank AG
Infrastructure	Maple-Brown Abbott QIC
Australian Equities	Dimensional Fund Advisors Investors Mutual Limited Plato Investment Management Acadian Investment Management LLC, Fidelity Worldwide Investment BlackRock Investment Management (Australia) Limited Russell Investments Limited
International Equities	Schroder Investment Management Limited Walter Scott & Partners Limited Pareto Investment Management Limited Acadian Asset Management LLC, Aberdeen Asset Management Limited Epoch Investment Partners, Inc Macquarie Funds Group BlueBay Asset Management BlackRock Investment Management (Australia) Limited Russell Investments Limited

Investment Management

Large assets

Table 1 show all the entities that in aggregate represented more than 5% of the Fund as at 30 June 2017. These includes all types of exposure to the entity e.g. shares, fixed interest securities or derivatives.

Table 1

Entity	Aggregate exposure
Government of Australia	8.77%
Commonwealth Bank of Australia	5.30%

Our custodian

We have appointed JPMorgan Chase Bank N.A. as Custodian, whose role is to:

- hold the assets of the Retirement Fund and the discrete investment trusts in which the Funds invest, on our behalf; and
- perform certain administrative, accounting, monitoring and reporting functions for both the Retirement Fund and the discrete investment trusts in which the Retirement Fund invests.

We may replace the Custodian at any time without notice to you.

Investment Management

Note

The investment information below is accurate as at 30 June 2017. Please refer to the StatePlus website and Your Fund Update for the latest news and information.

Investment options

You can choose to invest in one, or a combination of investment options (called Funds). The Funds available in each product are outlined in the table below. Each Fund has a different investment objective (goal) and strategy (way of achieving its goal). Each invests in different kinds of assets, with the mix of assets depending on the objectives of each Fund. There is a risk that your investment in a Fund will fall in value from time to time – the level of this risk varies with the objective, strategy and asset mix of the Fund. We recommend that you consult your financial planner prior to amending your allocation between the Funds.

	Allocated Pension Fund	Personal Retirement Plan	Term Allocated Pension	Flexible Income Plan	Tailored Super Plan
Unitised Funds					
Cash Fund	✓	✓	✓	✓	✓
Fixed Interest Fund	✓	✓	✓	✓	✓
Capital Stable Fund	✓	✓	✓	✓	✓
Moderate Fund	✓	✓	✓	✓	✓
Balanced Fund	✓	✓	✓	✓	✓
Growth Fund	✓	✓	✓	✓	✓
Growth Plus Fund	✓	✓	✓	X	X
Australian Equities Fund	✓	✓	✓	✓	✓
International Equities Fund	✓	✓	✓	✓	✓
Non-unitised Funds					
Fixed Term Fund	✓	✓	X	✓	✓
Fixed Payment Fund*	✓	X	X	✓	X

*The Fixed Payment Fund was terminated on 20 August 2017

Investment Management

Cash Fund			
Overall objective	To achieve rates of return consistent with the yield on the Bloomberg AusBond Bank Bill Index.		
Return objective ¹	To meet or exceed the returns of a cash benchmark before investment fees and taxes over rolling 12 month periods.		
Investment strategy	Primarily invests ² in short term debt securities and term deposits with a maturity of less than one year. The short term debt securities are issued, guaranteed or otherwise supported by the Australian or State Governments of Australia (or their statutory authorities) or by Australian banks and authorised dealers in the short term money market. The term deposits are issued by Australian and international banks in Australian dollars and are not guaranteed by any Government entity. Investments may include futures, interest rate derivatives and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who seek secure returns from cash.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Cash	100%	100%
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated. The current benchmark is the Bloomberg AusBond Bank Bill Index. This index may be substituted for a similar benchmark index consistent with the overall objective of the Fund</p> <p>2. Through discrete investment trusts.</p>			

Investment Management

Fixed Term Fund

Overall objective	To provide a fixed rate of return over the selected term with the initial investment paid at maturity.		
Investment strategy	Invests in fixed term and fixed rate interest bearing securities called Notes.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to lock in a fixed rate of return for the selected term of the investment.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Fixed Rate Notes	100%	100%

Fixed Payment Fund¹

Overall objective	To provide a fixed rate of return over the selected term with the initial investment paid monthly throughout the term.		
Investment strategy	Invests in fixed term and fixed rate interest bearing securities called Notes.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to lock in a fixed rate of return for the selected term of the investment and who wish to have their initial investment repaid over that term.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Fixed Rate Notes	100%	100%

1. The Fixed Payment Fund was terminated on 20 August 2017

Investment Management

Fixed Interest Fund			
Overall objective	To invest in fixed interest securities and related instruments, which aim to provide ongoing income and the potential for modest capital growth over the medium term. Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	To meet or exceed the return of a blend of Australian fixed interest and Global fixed interest benchmarks before investment fees and taxes over rolling 3 year periods.		
Investment strategy	Primarily invests ² in a broad range of Australian and overseas fixed interest investments. Investments may include currency, futures, interest rate derivatives and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to take moderate levels of risk with a modest potential for capital appreciation.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	80.2%	79.9%
	International Fixed Interest	19.8%	20.1%
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated. The current benchmark is 50% Bloomberg AusBond All Maturities Composite Bond Index, 30% Bloomberg AusBond Bank Bill Index + 0.75% and 20% Bank of America Merrill Lynch Global Broad Market (100% hedged). The benchmark index, including the split between Australian and Global benchmarks, may be substituted for a similar benchmark index consistent with the overall objective of the Fund without prior notice</p> <p>2. Through discrete investment trusts.</p>			

Investment Management

Capital Stable Fund			
Overall objective	To maintain the value of investors' capital while achieving a higher rate of return over the medium term than could be achieved through investments in cash or short term money market securities. Capital gains can be achieved, but there is also the risk of capital loss. Accordingly, the value of investments in the Fund may fall as well as rise in line with the changing value of the assets of the Fund.		
Return objective ¹	Tailored Super Plan and Flexible Income Plan	Personal Retirement Plan, Allocated Pension and Term Allocated Pension	
	CPI +2.0% gross of tax ³ and net of investment fees over rolling three year periods.	CPI +1.25 % gross of tax ³ and net of investment fees over rolling three year periods.	
Investment strategy	Primarily invests ² in a diversified portfolio of defensive and growth assets including (but not limited to) cash, fixed interest securities, property, listed and unlisted shares and infrastructure assets. To maintain a low risk profile exposure to growth assets is constrained. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who seek some capital growth over the medium term while at the same time maintaining a relatively high level of capital security.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	52.3%	51.2%
	International Fixed Interest	0.0%	0.0%
	Cash	21.4%	25.6%
	Growth Assets		
	Australian equities	6.0%	7.0%
	International equities	7.2%	5.6%
	Property	7.7%	6.2%
	Infrastructure	0.5%	1.2%
	High yield fixed interest	3.4%	1.6%
	Alternatives	1.5%	1.6%
	Actual currency exposure	7.3%	7.2%
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated</p> <p>2. Through discrete investment trusts</p> <p>3. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.</p>			

Investment Management

Moderate Fund			
Overall objective	To invest in a broad range of asset classes which have the potential to achieve moderate capital growth over the medium to longer term. Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	Tailored Super Plan and Flexible Income Plan	Personal Retirement Plan, Allocated Pension and Term Allocated Pension	
	CPI +3.0% gross of tax ³ and net of investment fees over rolling four year periods.	CPI +2.25% gross of tax ³ and net of investment fees over rolling four year periods.	
Investment strategy	Primarily invests ² in a diversified portfolio of defensive and growth assets. Defensive assets include fixed interest securities and cash. Growth assets, include Australian and overseas listed shares, property, infrastructure securities and alternative assets. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who seek capital growth over the medium term and are willing to accept a moderate level of risk.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	42.4%	43.1%
	International Fixed Interest	8.9%	6.8%
	Cash	8.4%	13.8%
	Growth Assets		
	Australian equities	10.0%	10.9%
	International equities	11.2%	9.1%
	Property	6.7%	6.1%
	Infrastructure	3.3%	2.8%
	High yield fixed interest	5.3%	3.5%
	Alternatives	3.8%	3.7%
	Actual currency exposure	11.1%	10.6%
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated</p> <p>2. Through discrete investment trusts</p> <p>3. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.</p>			

Investment Management

Balanced Fund				
Overall objective	To invest in a broad range of asset classes which have the potential to achieve capital growth over the longer term. Capital gains can be expected to be achieved, but there is also the risk of capital loss.			
Return objective ¹	Tailored Super Plan and Flexible Income Plan	Personal Retirement Plan, Allocated Pension and Term Allocated Pension		
	CPI +3.75% gross of tax ³ and net of investment fees over rolling five year periods	CPI +3.0% gross of tax ³ and net of investment fees over rolling five year periods		
Investment strategy	Primarily invests ² in a portfolio of Australian and overseas investments including (but not limited to) Australian cash, fixed interest securities, property, unit trusts listed shares, and alternative assets. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.			
Type of investor this option is intended to be suitable for	Designed to suit investors who are seeking higher returns and are willing to accept a higher level of risk.			
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation	
	Defensive Assets			
	Australian Fixed Interest	27.3%	27.6%	
	International Fixed Interest	7.5%	6.4%	
	Cash	5.4%	9.9%	
	Growth Assets			
	Australian equities	19.0%	21.0%	
	International equities	22.1%	17.6%	
	Property	5.5%	5.7%	
	Infrastructure	2.4%	2.5%	
	High yield fixed interest	5.8%	4.9%	
Alternatives	5.0%	4.5%		
Actual currency exposure	17.8%	16.8%		
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated</p> <p>2. Through discrete investment trusts.</p> <p>3. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.</p>				

Investment Management

Growth Fund			
Overall objective	To invest substantially in assets which achieve capital growth over the long term (7 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	Tailored Super Plan and Flexible Income Plan	Personal Retirement Plan, Allocated Pension and Term Allocated Pension	
	CPI +4.0% gross of tax ³ and net of investment fees over rolling five year periods	CPI +3.25% gross of tax ³ and net of investment fees over rolling five year periods	
Investment strategy	Primarily invests ² in a broad range of Australian and overseas investments with a strong bias on capital growth. Such investments include (but are not limited to) listed shares, property, alternative assets, interest bearing securities and deposits. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and are willing to accept a higher level of risk than the Balanced Fund.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	8.9%	11.3%
	International Fixed Interest	3.9%	4.0%
	Cash	5.3%	6.8%
	Growth Assets		
	Australian equities	30.0%	32.2%
	International equities	34.5%	29.2%
	Property	3.0%	3.1%
	Infrastructure	2.6%	2.7%
	High yield fixed interest	5.7%	5.5%
	Alternatives	6.1%	5.2%
	Actual currency exposure	27.7%	26.1%
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated</p> <p>2. Through discrete investment trusts.</p> <p>3. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.</p>			

Investment Management

Growth Plus Fund ¹			
Overall objective	To invest in assets which achieve capital growth over the long term (10 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ²	CPI + 3.5% gross of tax ⁴ and net of investment fees over rolling ten year periods		
Investment strategy	Primarily invests ³ in a broad range of high growth assets. Such investments include (but are not limited to) listed Australian and overseas shares, property, alternative assets and infrastructure securities. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and are willing to accept a higher level of risk than the Growth Fund.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	0.0%	0.0%
	International Fixed Interest	0.0%	0.0%
	Cash	3.3%	9.3%
	Growth Assets		
	Australian equities	38.0%	36.9%
	International equities	41.9%	36.2%
	Property	0.0%	0.0%
	Infrastructure	4.4%	4.9%
	High yield fixed interest	6.2%	6.7%
	Alternatives	6.2%	6.1%
	Actual currency exposure	34.0%	28.0%
<p>1. The Growth Plus Fund is only available in the Personal Retirement Plan and the Allocated Pension Fund</p> <p>2. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated</p> <p>3. Through discrete investment trusts</p> <p>4. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.</p>			

Investment Management

Australian Equities Fund			
Overall objective	To invest in Australian equities with the aim of achieving capital growth over the long term (10 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	To meet or exceed the return of the benchmark over rolling five year periods gross of tax ³ and net of investment fees		
Investment strategy	Primarily invests ² in Australian equities. Investments may include futures, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and have a 100% exposure to Australian equities.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Growth Assets		
	Australian equities	100%	100%
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated. The current Benchmark is the FTSE ASFA Australia 300 Tax Exempt Index. The benchmark index stated may be substituted for a similar benchmark index consistent with the overall objective of the Fund.</p> <p>2. Through discrete investment trusts</p> <p>3. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.</p>			

International Equities Fund			
Overall objective	To invest in international equities with the aim of achieving capital growth over the long term (10 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	To meet or exceed the return of the benchmark over rolling five year periods gross of tax ³ and net of investment fees.		
Investment strategy	Primarily invests ² in international equities. Investments may include currency, futures, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and have a 100% exposure to international equities.		
Actual Asset Allocation		30 June 2016 Asset Allocation	30 June 2017 Asset Allocation
	Growth Assets		
	Australian Equities	4.4%	4.4%
	International equities	95.6%	95.6%
	Actual currency exposure	82.7%	73.5%
<p>1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated. The current benchmark is 50% Bloomberg AusBond All Maturities Composite Bond Index, 30% Bloomberg AusBond Bank Bill Index + 0.75% and 20% Bank of America Merrill Lynch Global Broad Market (100% hedged). The benchmark index, including the split between Australian and Global benchmarks, may be substituted for a similar benchmark index consistent with the overall objective of the Fund without prior notice</p> <p>2. Through discrete investment trusts</p> <p>3. Gross of tax means prior to tax being taken out and with the value of the franking credits added back in.</p>			

Investment Management

Management Fees

The fees and charges applicable to each of the Funds comprising the Personal Retirement Plan, the Allocated Pension Fund, the Term Allocated Pension Fund, the Flexible Income Plan and the Tailored Super Plan

- calculated on the basis of the net asset value of each Fund at the end of each day and paid monthly; and
- reflected in the declared unit price each day.

Allocated Pension Fund and Personal Retirement Plan			
	Allocated Pension Fund	Personal Retirement Plan	Term Allocated Pension Fund
Unitised Funds			
Cash Fund	0.99% p.a.	0.99% p.a.	0.99% p.a.
Fixed Interest Fund	1.15% p.a.	1.15% p.a.	1.15% p.a.
Capital Stable Fund	1.30% p.a.	1.30% p.a.	1.30% p.a.
Moderate Fund	1.35% p.a.	1.35% p.a.	1.35% p.a.
Balanced Fund	1.40% p.a.	1.40% p.a.	1.40% p.a.
Growth Fund	1.50% p.a.	1.50% p.a.	1.50% p.a.
Growth Plus Fund	1.50% p.a.	1.50% p.a.	1.50% p.a.
Australian Equities Fund	1.50% p.a.	1.50% p.a.	1.50% p.a.
International Equities Fund	1.50% p.a.	1.50% p.a.	1.50% p.a.
Non-unitised Funds			
Fixed Term Fund	1.15% p.a.	1.15% p.a.	X
Fixed Payment Fund*	1.15% p.a.	X	X

* The Fixed Payment Fund terminated in August 2017

Flexible Income Plan and Tailored Super Plan		
	Flexible Income Plan	Tailored Super Plan
Unitised Funds		
Cash Fund	0.39% p.a.	0.39% p.a.
Fixed Interest Fund	0.50% p.a.	0.50% p.a.
Capital Stable Fund	0.57% p.a.	0.57% p.a.
Moderate Fund	0.61% p.a.	0.61% p.a.
Balanced Fund	0.70% p.a.	0.70% p.a.
Growth Fund	0.77% p.a.	0.77% p.a.
Growth Plus Fund	0.77% p.a.	0.77% p.a.
Australian Equities Fund	0.77% p.a.	0.77% p.a.
International Equities Fund	0.77% p.a.	0.77% p.a.
Non-unitised Funds		
Fixed Term Fund	0.50% p.a.	0.50% p.a.
Fixed Payment Fund*	0.50% p.a.	X

* The Fixed Payment Fund terminated in August 2017

Additional Information

About the StatePlus Retirement Fund

The Retirement Fund has four divisions:

- the Personal Retirement Division;
- the Tailored Super Division
- the Allocated Pension and Term Allocated Pension Division
- the Flexible Income Division

State Super Financial Services Australia Limited trading as StatePlus is the trustee of the Retirement Fund.

Indemnity Insurance Cover

The Company maintains professional indemnity insurance against liabilities incurred as a result of a breach of duty as Trustee of the StatePlus Retirement Fund.

Superannuation Contributions (Surcharge) Tax Liability

If the Company as Trustee of the Fund is notified of a superannuation contributions (surcharge) tax liability in respect of a member, in accordance with the PDS, we will redeem sufficient units to pay the superannuation contributions (surcharge) tax directly to the Australian Tax Office.

Unclaimed Money

If you reach age 65 and are eligible to claim your super, no contribution or rollover has been received for you in the last two years, and we have had no contact with you for a period of five years after making reasonable efforts, your super becomes unclaimed money and must be paid to the Australian Tax Office (ATO). This process takes place every six months.

The super of a temporary resident will become unclaimed and payable to the ATO if:

- the temporary resident has departed Australia
- at least six months have passed
- the temporary resident is no longer a holder of a temporary, permanent or prescribed visa
- the temporary resident is not an Australian or New Zealand citizen and have not made a valid application for a permanent visa.

Relief from the Australian Securities and Investments Commission provides that we are not required to notify temporary residents or provide temporary residents with an exit statement where their benefit is paid to the ATO in these circumstances. Temporary residents who fail to claim their super when they depart, and consequently have unpaid super paid to the ATO, can later claim back their money at any time from the ATO.

To apply for any unclaimed benefits, contact:

The Australian Tax Office
Tel: 13 28 65
Website: ato.gov.au/super

Any Enquiries or Complaints?

If you have an enquiry or would like further information about the Retirement Fund, please contact a Client Service Officer at your nearest office.

If you are not satisfied with the service you receive from us, you are entitled to complain. We have established procedures to ensure all enquiries are answered and complaints are resolved.

If you wish to make a complaint about any aspect of our service you should:

- Lodge your complaint with the regional office employee you deal with, and/or
- Contact your local Regional Manager.

Alternatively you can contact the General Manager, Financial Planning by telephoning 1800 620 305, writing to us at GPO Box 5336 SYDNEY NSW 2001 or by email to complaints@stateplus.com.au

We will respond to your complaint as quickly as possible and will make every effort to resolve your complaint within 45 days, or such shorter time if required by law.

However, if your complaint is not satisfactorily resolved within 90 days you can refer your complaint to the Superannuation Complaints Tribunal (SCT), which is independent of us.

The SCT can be contacted from anywhere in Australia by calling 1300 884 114 or writing to:

Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001

The SCT can deal with the decisions and conduct of trustees of superannuation funds, including the conduct and decisions of people acting on behalf of the trustee.

Time limits apply to certain complaints to the SCT. If you have a complaint you should contact the SCT immediately to find out if a time limit applies.

Financial Information

The abridged Income Statement is set out below and the abridged Statement of Financial Position and Statement of Changes in Member Benefits for the Retirement Fund are set out on the following pages.

You should be aware that the Auditors have issued an unqualified Audit Report for the Financial Statements of the StatePlus Retirement Fund. Should you wish to obtain a full copy of the Financial Report including the Auditor's Report, you may do so by either:

- visiting our website at stateplus.com.au/documents/annual-reports and selecting the Retirement Fund Annual Report 2017; or
- calling your nearest office, and we will send you a copy free of charge.

Abridged Income Statement for the Financial Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
INVESTMENT REVENUE		
Interest and other income	18,268	12,965
Miscellaneous income	98	102
Distribution received	951,637	676,965
Realised gains/(losses) on disposal of investments	69,449	13,963
Change in net market value of investments	(70,798)	(27,549)
NET INVESTMENT REVENUE	968,654	676,446
EXPENSES		
Trustee fee	(154,496)	(154,001)
Other expense	(1,409)	(1,567)
TOTAL EXPENSES	(155,905)	(155,568)
OPERATING RESULTS	812,749	520,878
Net benefits allocated to defined contribution member benefits	(865,079)	(572,734)
OPERATING RESULTS BEFORE INCOME TAX EXPENSE	(52,330)	(51,856)
Income tax (expense)/benefit	54,796	53,385
OPERATING RESULT AFTER INCOME TAX	2,466	1,529

Financial Information

Abridged Statement of Financial Position for the Financial Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
ASSETS		
Cash at bank and at call	7,254	3,321
Investments in unit trusts	16,941,480	15,773,316
Investments in unlisted notes	272,876	445,909
Distribution receivable	-	-
Interest receivable	-	-
Current tax asset	47,720	37,739
Deferred tax asset	-	-
Sundry debtors	2,665	2,339
ORFR receivable	463,358	78,811
TOTAL ASSETS	17,735,353	16,341,435
LESS LIABILITIES		
Creditors and accruals	34,698	30,220
Current tax liabilities	-	-
Deferred tax liabilities	20,863	10,339
Sundry debtors	451,373	65,908
TOTAL LIABILITIES	506,934	106,467
NET ASSETS AVAILABLE FOR MEMBERS BENEFITS	17,228,419	16,234,968
Defined contribution member liabilities	17,185,202	16,194,485
TOTAL MEMBERS LIABILITES	43,217	40,483
EQUITY		
Operational Risk Financial Reserves	43,217	40,483
TOTAL LIABILITIES FOR MEMBERS' BENEFITS	43,217	40,483

Financial Information

Abridged Statement Of Changes In Member Benefits For The Financial Year Ended 30 June 2017

Defined contribution member benefits		
	2017 \$'000	2016 \$'000
Opening balance	16,194,485	15,258,772
Employer contributions	69,228	56,568
Member contributions	687,595	495,448
Transfers from other superannuation entities	1,278,313	1,277,879
Superannuation co-contributions	733	699
Income tax on contributions	(17,561)	(17,707)
Net after tax contributions	2,018,308	1,812,887
Benefits to members	(1,892,402)	(1,449,743)
Reserve transferred to/(from) members:		
- Operational risk reserves	(268)	(165)
Net benefits allocated, comprising:		
- Net investment income	1,020,984	728,302
- Net administration fees	(155,905)	(155,568)
Closing balance	17,185,202	16,194,485

Operational Risk Financial Reserves

	2017 \$'000	2016 \$'000	2015 \$'000
Balance at the beginning of the financial year	40,483	38,789	33,032
Transfer from members' reserves	268	165	3,186
Unrealised Gains/(Losses) on ORR	2,466	1,529	2,571
Balance at end of the financial year	43,217	40,483	38,789

The above table details the movement of the Operational Risk Financial Reserve (ORFR) over a period of three consecutive years.

The ORFR has been established as an APRA requirement for registrable superannuation entities to maintain adequate financial resources to address losses arising from operational risks that may affect registrable superannuation entities within its business operations. In accordance with the relevant Trust Deed and within the parameters of the Superannuation Industry (Supervision) Act 1993 and Regulations, while referencing the APRA Prudential Standards, StatePlus is accumulating an ORFR within the Retirement Fund by way of 'deductions' from fund assets. The reserve remains an asset of the Retirement Fund. Amounts are determined and reserved in accordance with the StatePlus ORFR Policy. The target ORR is 0.25% of the Retirement Fund's funds under management.

The Retirement Fund has an ORFR of approximately 0.25% as at 30 June 2017 (0.25%: 2016).

Directory

Client Administration Services	GPO Box 5336 Sydney NSW 2001	Wollongong	Suite 1, Level 4, 280-286 Keira Street, Wollongong PO Box 349 Wollongong East NSW 2520 Client Services: 02 4231 2455 Toll Free: 1800 060 166
Sydney Clarence Street	Level 9, 83 Clarence Street, Sydney GPO Box 5336 Sydney NSW 2001 Client Services: 02 9333 9500 Toll Free: 1800 222 211	Penrith	Level 3, 331 High Street, Penrith PO Box 1014, Penrith NSW 2751 Client Services: 02 4724 4855 Toll Free: 1800 102 700
Sydney Pitt Street	Level 9, 175 Pitt Street, Sydney GPO Box 5058, Sydney NSW 2001 Client Services: 02 8295 7950 Toll Free: 1800 985 950	Liverpool	Level 3, 1 Moore Street, Liverpool PO Box 137 Liverpool NSW 2170 Client Services: 02 8738 2555 Toll Free: 1800 899 315
Canberra ACT	Level 9, Nishi Building 2 Phillip Law Street New Acton ACT 2601 Client Services: 02 6232 2155 Toll Free: 1800 028 918	Central Coast	Level 2, 40 Mann Street, Gosford PO Box 354 Gosford NSW 2250 Client Services: 02 4304 8255 Toll Free: 1800 801 965
Canberra Woden ACT	Level 1, 10 Corinna Street, PHILLIP PO Box 49 Woden ACT 2606 Client Services: 02 6122 2855 Toll Free: 1800 502 100	Mid North Coast	40 Gordon Street, Port Macquarie PO Box 2117 Port Macquarie NSW 2444 Client Services: 02 6516 1455 Toll Free: 1800 676 839
Melbourne VIC	Level 16, 440 Collins Street, Melbourne GPO Box 2817 Melbourne VIC 3001 Client Services: 03 8615 3055 Toll Free: 1800 805 233	North West NSW	Ground Floor, 17 White Street, Tamworth PO Box 297 Tamworth NSW 2340 Client Services: 02 6755 2055 Toll Free: 1800 248 609
Brisbane QLD	Level 10, 133 Mary Street, Brisbane PO Box 15499 City East QLD 4002 Client Services: 07 3335 7055 Toll Free: 1800 357 085	Northern Rivers	193-199 River Street, Ballina PO Box 1078 Ballina NSW 2478 Client Services: 02 6686 1655 Toll Free: 1800 656 474
Perth WA	Level 3, 197 St Georges Terrace, Perth PO Box 5657 Perth WA 6831 Client Services: 08 9214 4155 Toll Free: 1800 332 308	South West NSW	14 Morrow Street, Wagga Wagga PO Box 13 Wagga Wagga NSW 2650 Client Services: 02 5908 1755 Toll Free: 1800 641 109
Parramatta	First Floor, 90 Phillip Street, Parramatta PO Box 966 Parramatta NSW 2124 Client Services: 02 8895 2355 Toll Free: 1800 626 000	Central West NSW	180 Anson Street, Orange PO Box 2381 Orange NSW 2800 Client Services: 02 5310 1855 Toll Free: 1800 803 708
Newcastle	Level 2, 22 Honeysuckle Drive, Newcastle PO Box 1765 Newcastle NSW 2300 Client Services: 02 4016 2255 Toll Free: 1800 807 855		

Level 9, 83 Clarence Street, Sydney, NSW 2000
GPO Box 5336 Sydney NSW 2001
Telephone: 02 9333 9555
Fax: 02 9262 5472
Internet: stateplus.com.au



Formerly State Super Financial Services