

Annual Report  
**IRIS Retirement Income**

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For the year ended 30 June 2014  
Issued 31 October 2014



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The IRIS Retirement Income Annual Report for the year ended 30 June 2014 applies to the IRIS Super Income Stream and the IRIS Term Allocated Pension.

The Annual Report is intended to provide information of a general nature only. It has been prepared by Super Members Investments Limited (SMI), ABN 61 095 974 100, AFSL 231230, as Trustee of the IRIS Superannuation Fund (IRIS), ABN 88 556 625 125, which incorporates both the IRIS Super Income Stream and the IRIS Term Allocated Pension.

IRIS has provided all information it reasonably believes a member would need for the purpose of understanding the management, financial condition and the investment performance of the Fund.

You should obtain a copy of the latest Product Disclosure Statements (PDS) before making any investment decisions based on this information. For a free copy, please visit our website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or call us on **1300 367 485**.

# Report from the Chairman

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IRIS again performed very well in 2013-14, achieving investment returns in excess of benchmarks in all but one of the ten options available to members. In respect of that one – International Equities – the return achieved was a very satisfactory 19.7% for the year.

These results were achieved as economic conditions around the world continued to provide challenges to investment markets – persistently low interest rates, high levels of public debt in Europe and the USA and the prospect of lower (but still significant) growth in China are just some of the factors at play.

Your Board and management are mindful of these issues as they work to produce the best possible level of investment returns within the boundaries of acceptable risk. We are proud of our long-term record of balancing these competing factors and will continue to apply the same rigorous processes in the future.

We are also proud of the level of service we provide our members, and of the positive feedback they frequently give to our staff. Hopefully you will never experience an unsatisfactory contact, but if you do, we rely on you to let us know immediately. This will enable us to promptly address the matter and ensure that the highest standards are maintained.

We value your feedback.

Finally, we wish you another great year in 2014-15, one that brings you good health and happiness. We are committed to doing our part in making that happen.



**Sandy Grant**  
*Chairman*  
Super Members Investments Limited  
September 2014

# Important changes to IRIS investments and to super income streams

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## Investment policy changes to IRIS investments effective 1 October 2014

The investment objectives, strategy, allocation ranges and benchmarks used for each IRIS investment option are regularly reviewed by the Trustee Board taking into account recommendations of its Investment Consultant, Frontier Advisors and its overarching responsibility as a trustee under the provisions of the Superannuation Industry (Supervision) Act 1993.

When important changes such as these are made, the Trustee sends a Significant Event Notice (SEN) to all members and provides updated information on the Fund website.

An SEN detailing the changes that were made to the objectives, strategic asset allocations, allocation ranges and benchmarks on 1 October 2014 was sent to all IRIS members with their Annual Member Statements. The changes are reflected in the Supplementary Public Disclosure Statement (SPDS) dated 1 October 2014. You can download a copy of the SEN and SPDS from the Fund website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or contact us on **1300 367 485** or email [admin@retirewithiris.com.au](mailto:admin@retirewithiris.com.au) and a copy will be sent to you.

The investment information provided on pages 5 to 12 of this Annual Report, reflects the situation as at 30 June 2014.

## Income testing changes affecting Super Income Streams from 1 January 2015

From 1 January 2015, account based income stream balances (such as IRIS Super Income Stream balances) will be deemed for income test purposes. However, IRIS Term Allocated Pensions are not subject to deeming.

Once deeming applies to account based income streams, actual pension payments will be ignored for income test purposes.

### Grandfathering rules

Any account based income stream which is in place before 1 January 2015 will continue to be assessed under the income test rules applying before 1 January 2015 if the person is in receipt of an eligible income support payment at that time and continues to receive an income support payment from that time. In other words, if you have an IRIS Super Income Stream pension in place before 1 January 2015, and are receiving an eligible income support payment and continue to do so, there will be no change. Your income stream from IRIS will not be deemed for income test purposes. However, please note the information in the following paragraphs, if you want to make a change to your IRIS Super Income Stream.

### What are 'eligible income support payments'?

An eligible income support payment includes most Centrelink and DVA pensions and allowances, including Age Pension, Service Pension, Disability Support Pension, Carer Payment and Newstart Allowance.

### Caution required if you want to make changes to your IRIS Super Income Stream

After 1 January 2015, if any of the following changes occur, you will be assessed under the new deeming rules:

- You switch income stream providers (i.e. you transfer your IRIS Super Income Stream to another income stream).
- You aggregate multiple account based income streams (i.e. you merge two or more accounts into one account).
- You refresh a transition to retirement account based pension strategy.
- You add or remove a reversionary beneficiary and a new income stream is commenced.
- You cease receiving an eligible income support payment.
- You die and a new pension is paid to a beneficiary.

### Reversionary beneficiaries

If your IRIS Super Income Stream has a reversionary beneficiary its grandfathering status can continue when it reverts to the reversionary beneficiary upon your death. This applies providing your reversionary beneficiary is receiving an eligible income support payment at the time of the reversion and continuously receives an eligible income support payment from that time.

### Obtaining further advice

If you are unsure about any of the information above please contact us on **1300 367 485** or email [admin@retirewithiris.com.au](mailto:admin@retirewithiris.com.au). If the Customer Service Centre cannot answer your enquiry it will be forwarded to our Financial Adviser for assistance. He is a qualified Financial Planner with 10 years advisory experience.

Our Financial Adviser is available to service the advice needs of both existing and prospective IRIS members on a wide range of retirement advice topics, such as superannuation/income streams, Centrelink and estate planning.

Our Financial Adviser is based in our Melbourne office for appointments, but is also available to members nationally through a combination of phone and email/web based communications, as well as regular visits.

We encourage all members to take advantage of our Financial Adviser's availability, and if you haven't sought advice for a while then it may be timely to have a discussion to review your position and possible advice needs.

# IRIS Superannuation Fund investment options – a snapshot

## Defensive

### Investment Objective

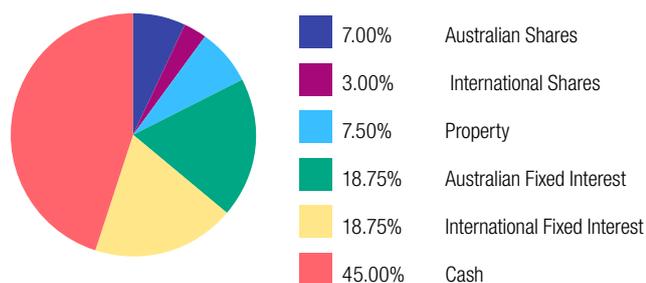
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 2% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 70% of the time. It aims to provide security (but not a guarantee) of capital invested, as well as limiting the likelihood of applying negative annual returns to one in 50 years (i.e. approx. 0.4 times in 20 years).<sup>3</sup>

**Risk Level** Very Low

### Benchmark

The Defensive Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Australian Shares	2 – 12	7.1
International Shares	0 – 8	3.1
Property	5 – 10	7.3
Australian Fixed Interest	10 – 25	18.9
International Fixed Interest	10 – 25	18.8
Cash	40 – 50	44.8

## Conservative

### Investment Objective

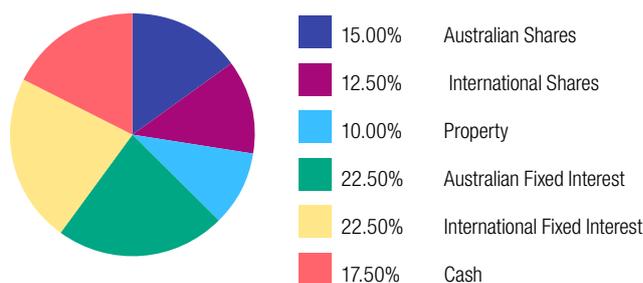
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 2.5% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 70% of the time. It aims to provide security (but not a guarantee) of capital invested as well as limiting the likelihood of applying negative annual returns to one in every ten years (i.e. approx. 2 times in 20 years).<sup>3</sup>

**Risk Level** Low to Medium

### Benchmark

The Conservative Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Australian Shares	10 – 20	15.0
International Shares	7.5 – 17.5	12.7
Property	5 – 15	9.6
Australian Fixed Interest	15 – 30	22.6
International Fixed Interest	15 - 30	22.4
Cash	12.5 – 22.5	17.7

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

<sup>4</sup> In 2013/14 the fees deducted from investment earnings before net earnings were applied to members' accounts was 0.059%

## Growth

### Investment Objective

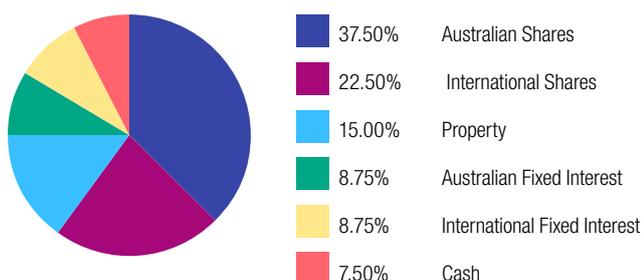
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Growth Option will invest a significant portion in growth assets such as shares and property. It aims to limit the likelihood of applying negative annual returns to one in every five years (i.e. approx. 4 times in 20 years).<sup>3</sup>

**Risk Level** High

### Benchmark

The Growth Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Australian Shares	32.5 – 47.5	37.4
International Shares	17.5 – 27.5	22.7
Property	10 – 20	14.5
Australian Fixed Interest	5 – 15	8.8
International Fixed Interest	5 – 15	8.8
Cash	2.5 – 12.5	7.8

## High Growth

### Investment Objective

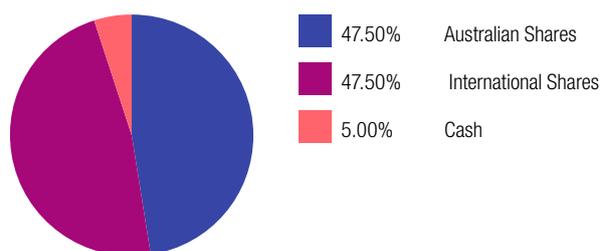
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the High Growth Option will predominantly invest in Australian and international shares. It aims to limit the likelihood of applying negative annual returns to one in every four years (i.e. approx. 5 times in 20 years).<sup>3</sup>

**Risk Level** High

### Benchmark

The High Growth Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Australian Shares	32.5 – 62.5	47.2
International Shares	32.5 – 62.5	47.6
Cash	0 – 10	5.2

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

<sup>4</sup> In 2013/14 the fees deducted from investment earnings before net earnings were applied to members' accounts was 0.059%

# Sector Specialist Options

## Cash

### Investment Objective

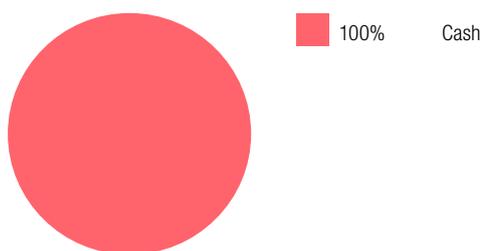
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 1% per annum (after tax)<sup>2</sup>, on a rolling two year basis. This is expected to be achieved around 70% of the time. To achieve this, the Cash Option will predominantly invest in short term cash investments with minimal risk of capital loss. It aims to limit the likelihood of applying negative annual returns to a negligible level.

**Risk Level** Very Low

### Benchmark

UBS Australian Bank Bill Index adjusted for the IRIS Cash Option Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Cash	100	100

## Diversified Fixed Interest

### Investment Objective

To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 2.5% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Diversified Fixed Interest Option will predominantly invest in a diverse range of government and corporate bonds and alternative debt. It aims to limit the likelihood of applying

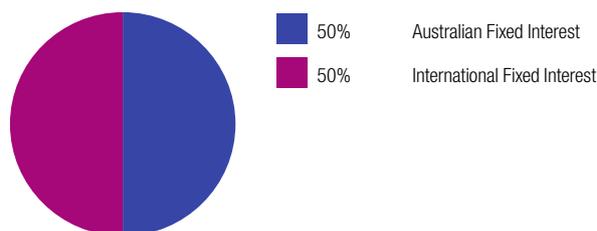
negative annual returns to one in every twenty five years (i.e. approx. 0.8 times in 20 years).<sup>3</sup>

**Risk Level** Low

### Benchmark

50% UBS Australian Composite Bond (All Maturities) Index and 50% Barclays Global Aggregate Bond Index hedged into AUD adjusted for the IRIS Diversified Fixed Interest Option Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Australian Shares	40 – 60	48.9
International Shares	40 – 60	48.5
Cash	0 – 10	2.6

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

<sup>4</sup> In 2013/14 the fees deducted from investment earnings before net earnings were applied to members' accounts was 0.059%

## Property

### Investment Objective

To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Property Option will invest in both direct and indirect Australian and international property. It aims to limit the likelihood of applying negative annual returns to one in every four years (i.e. approx. 5 times in 20 years).<sup>3</sup>

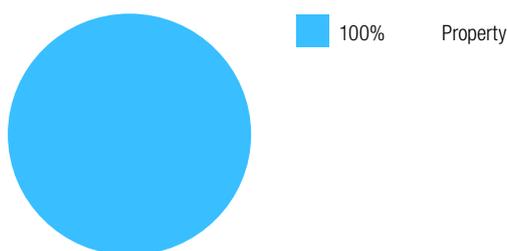
**Risk Level** High

### Benchmark

20% Mercer/IPD Australia Monthly Property

Fund Index – Core Wholesale, 40% S&P/ASX 200 A-REIT Accumulation Index and 40% UBS Global ex-Australian Real Estate Investors Index (hedged into AUD) adjusted for the IRIS Property Option Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Property	90 – 100	93.9
Cash	0 – 10	6.1

## Australian Shares

### Investment Objective

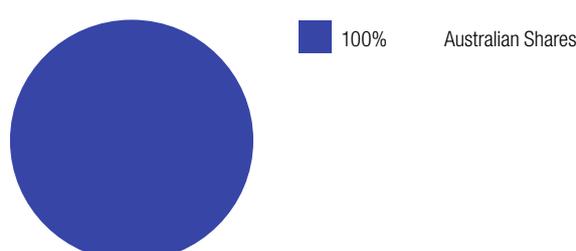
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Australian Shares Option will predominantly invest in Australian shares. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years).<sup>3</sup>

**Risk Level** Very High

### Benchmark

S&P/ASX 200 Accumulation Index adjusted for the IRIS Australian Shares Option Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Australian Shares	90 – 100	98.9
Cash	0 – 10	1.1

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

<sup>4</sup> In 2013/14 the fees deducted from investment earnings before net earnings were applied to members' accounts was 0.059%

## Sustainable Australian Shares

### Investment Objective

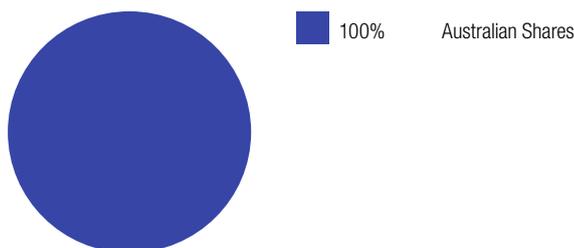
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Sustainable Australian Shares Option will predominantly invest in Australian shares that display environmental, sustainable and socially responsible features. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years).<sup>3</sup>

**Risk Level** Very High

### Benchmark

S&P/ASX 200 Accumulation Index adjusted for the IRIS Sustainable Australian Shares Option Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
Australian Shares	90 – 100	98.4
Cash	0 – 10	1.6

## International Shares

### Investment Objective

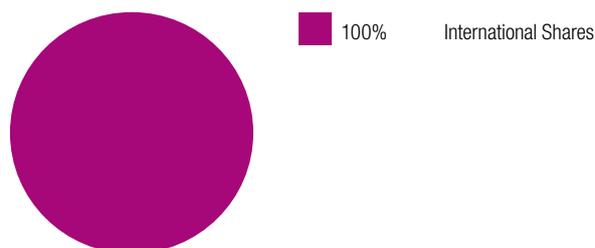
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the International Shares Option will predominantly invest in international shares. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years).<sup>3</sup>

**Risk Level** High

### Benchmark

66.6% MSCI World ex-Australia Index (unhedged in AUD) and 33.3% MSCI World ex-Australia Index (hedged into AUD) adjusted for the IRIS International Shares Option Administration fee<sup>4</sup>.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation 30/6/2014 (%)
International Shares	90 – 100	99.1
Cash	0 – 10	0.9

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

<sup>4</sup> In 2013/14 the fees deducted from investment earnings before net earnings were applied to members' accounts was 0.059%

# IRIS investment performance

This table represents the performance of each IRIS investment option, relative to its benchmark for the one, three and five year periods ending 30 June 2014.

IRIS Investment Options	Fund inception date	1 Year performance as at 30 June 2014		3 Year performance as at 30 June 2014		5 Year performance as at 30 June 2014	
		IRIS Performance	Benchmark performance	IRIS Performance	Benchmark performance	IRIS Performance	Benchmark performance
Defensive	01/03/1997	6.43%	5.72%	6.58%	5.54%	6.87%	5.68%
Conservative	01/03/1997	9.99%	9.25%	9.03%	8.05%	9.07%	7.79%
Growth	01/03/1997	14.60%	13.87%	11.51%	10.68%	10.98%	10.47%
High Growth	01/05/2001	18.19%	17.76%	12.67%	11.38%	11.75%	10.69%
Cash	01/07/2008	2.62%	2.28%	3.60%	3.15%	4.13%	3.50%
Diversified Fixed Interest	01/09/2004	7.05%	6.17%	8.08%	6.74%	7.76%	6.66 %
Property	29/08/2003	13.02%	12.25%	15.44%	12.82%	11.77%	11.89%
Australian Shares	01/07/2008	17.38%	16.43%	10.32%	9.38%	10.47%	10.20%
Sustainable Australian Shares	01/07/2008	18.19%	16.28%	19.83%	9.23%	20.69%	10.11%
International Shares	01/07/2008	19.70%	20.73%	15.14%	15.54%	12.08%	12.48%

Investment performance for each investment option is calculated by measuring the difference between the current end of month non transactional valuation and the prior period's end of month non transactional valuation.

A "non transactional valuation" is one that is not used for the processing of investor transactions and is calculated only for measuring investment performance and will differ from the valuations published on our website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris).

This is the performance applicable to investors who were investors at the beginning and the end of the period and who did not initiate any transactions during the period.

Investment performance is quoted net of fees and before taxes.

Past performance is not a reliable indicator of future performance and investments can rise and fall in value. Investment returns are not guaranteed as all investments carry some risk. Returns are quoted after fees and before taxes for the period shown. For the latest performance information, please visit our website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or call us on **1300 367 485**.

## Benchmarks

These are the benchmarks and their related weightings, used for investment comparison purposes for the IRIS Diversified Options for the period ending 30 June 2014. The benchmarks for the IRIS Sector Specialist Options are shown per option on pages 7 to 9.

Asset Class	High Growth	Growth	Conservative	Defensive	Benchmarks
Australian Shares	47.50%	37.50%	15.00%	7.00%	S&P/ASX 200 Accumulation Index
International Shares					
• Hedged	15.80%	7.50%	4.20%	1.00%	MSCI World ex-AUS Index net divs (Hedged into AUD)
• Unhedged	31.70%	15.00%	8.30%	2.00%	MSCI World ex-AUS Index net divs (Unhedged into AUD)
Property <sup>1</sup>					
• Unlisted	0.00%	3.00%	2.00%	1.50%	Mercer/IPD Australia Monthly Property Fund Index – Core Wholesale
• Australian Listed Property	0.00%	6.00%	4.00%	3.00%	S&P/ASX 200 A-REIT Accumulation Index
• International Listed Property	0.00%	6.00%	4.00%	3.00%	UBS Global ex-AUS Real Estate Investors Index (Hedged into AUD)
Fixed Interest					
• Australian Fixed Interest	0.00%	8.75%	22.50%	18.75%	UBS Australia Composite All Maturities Bond Index
• International Fixed Interest	0.00%	8.75%	22.50%	18.75%	Barclays Global Aggregate Bond Index (Hedged into AUD)
Cash	5.00%	7.50%	17.50%	45.00%	UBS Australian Bank Bill Index
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

<sup>1</sup> The Property benchmark has been changed with effect from 1 October 2014. See the Supplementary Product Disclosure Statement dated 1 October 2014.

## How investment earnings are applied to your account

Investment returns (which may be positive or negative) are allocated to your account by ascertaining the value of the investment option/s in your account. The upward or downward movement in the value is applied to your account.

## Valuing the investment options

The investments in your account are valued every Wednesday. Where Wednesday is not a business day in Melbourne, they are calculated on the next business day. By processing all transactions and buying and selling assets only once a week, we are able to keep the costs down.

The movement in value of an investment option is dependent on the underlying assets, liabilities, income (including imputation credits and other tax credits), taxes and other expenses. Movements in investment markets influence the underlying assets.

An earning rate is determined on a weekly basis for each investment option, based on these valuations.

## Who manages your investments?

The Trustee engages Australian and International specialist investment managers to manage specific investment options or an allocated amount of money for an investment option. At the date of this Annual Report appointed investment managers are as listed in the following table.

Asset Class	Investment Manager
Australian Shares	IFM Investors Pty Ltd Perpetual Investment Management Ltd
International Shares	Blackrock Asset Management Australia Ltd
International Fixed Interest	Blackrock Asset Management Australia Ltd
Australian Fixed Interest	Blackrock Asset Management Australia Ltd IFM Investors Pty Ltd Pentagon Capital Ltd
Property	Eureka Funds Management Group Vanguard Funds Management
Cash <sup>2</sup>	IFM Investors Pty Ltd ME Bank

<sup>2</sup> A cash float is held on deposit with the National Australia Bank which acts as Custodian for the Fund.

# Financial statements

The summarised financial statements are derived from the audited accounts of the IRIS Superannuation Fund, which incorporates the IRIS Super Income Stream and the IRIS Term Allocated Pension. A copy of the audited accounts and associated audit report for the year ended 30 June 2014 can be obtained from our website at [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or by calling us on **1300 367 485**.

## Operating Statement

	2014 (\$)	2013 (\$)
Investment revenue	62,087,197	70,950,571
Contribution revenue	10,459,785	10,701,942
Other revenue	1,101,301	738,442
<b>Total revenue from ordinary activities</b>	<b>73,648,283</b>	<b>82,390,956</b>
Less expenses from ordinary activities	5,510,419	5,296,169
<b>Benefits accrued as a result of operations before income tax</b>	<b>68,137,864</b>	<b>77,094,786</b>
Income tax benefit	3,409,844	3,489,778
<b>Benefits accrued as a result of operations after income tax</b>	<b>71,547,708</b>	<b>80,584,565</b>
(Increase)/Decrease in amounts not yet allocated	(4,625)	141,692
<b>Benefits accrued as a result of operations</b>	<b>71,543,083</b>	<b>80,726,257</b>

## Statement of Financial Position

	2014 (\$)	2013 (\$)
Investments	544,496,292	542,925,452
Other assets	17,297,350	14,386,864
<b>Total assets</b>	<b>561,793,642</b>	<b>557,312,316</b>
<b>Total liabilities</b>	<b>1,163,707</b>	<b>734,595</b>
<b>Net assets available to pay benefits</b>	<b>560,629,935</b>	<b>556,577,721</b>
<b>Represented by:</b>		
Members' funds	560,500,997	556,567,475
ORFR Reserve	114,067	-
Amounts not yet allocated to members	14,871	10,246

## Statement of Cash Flows

	2014 (\$)	2013 (\$)
Cash flows from operating activities	(25,221,300)	(31,901,164)
Cash flows from investing activities	25,371,980	31,600,955
<b>Net increase/(decrease) in cash held</b>	<b>150,679</b>	<b>(300,209)</b>
Cash at beginning of reporting period	70,215	370,424
Cash at the end of reporting period	220,894	70,215



# General information

## How investment earnings are applied to your account

Interest earned on application monies is treated as earnings of IRIS and is retained by the Fund. Investment returns (which may be positive or negative) are allocated to your account by ascertaining the value of your chosen investment option(s) in your account. The upward or downward movement in the value is applied to your account.

The movement in value of an option is dependent on the underlying assets, liabilities, income (including imputation credits and other tax credits), taxes and other expenses. Movements in investment markets influence the underlying assets.

## Income payments

Your payment may be deducted from your IRIS account the week prior to the scheduled payment date. This is done to ensure we can make your payment either prior to, or on the day of your designated payment date. In this situation, while the payment is yet to be made to your bank account, your IRIS account balance will be reduced, reflecting the payment having already been deducted.

For further information on income payments please refer to our PDS at [ifs.net.au/retirement/iris](https://ifs.net.au/retirement/iris).

We recommend you seek financial advice regarding any alterations to your income payments.

## What information does IRIS send to Centrelink?

If you receive any entitlements from Centrelink, we may need to provide it with additional information, such as your total account balance as at 1 July as well as the frequency and amount of your income payment.

## Communicating with you

IRIS endeavours to keep you informed with the latest news and information via mail and on our website. The table below lists the various types of communication you will receive throughout the year.

Type of communication	When will I receive it?
Income Payment Details & PAYG Payment Summary	July
Annual Statement	September
Annual Report	Sept/Oct if requested
Confirmation of any change to your details	When a change has been processed
Centrelink Schedule	After every commutation/ withdrawal

## Fees and charges to your IRIS account

We are committed to maintaining IRIS as a high quality, low-cost, member focused retirement income product.

The table below shows the management cost component that is charged directly to individual accounts depending on each individual investment option. These are different from the investment management costs which are deducted directly from the underlying investments.

Our simple fee structure covers costs incurred in the ongoing administration and investment of the product. No establishment or termination fees apply to any of the investment options and no commissions are paid to financial planners. The management cost component does not include transaction costs. The management cost is charged to your account each month in arrears based on the value of your account in the month.

IRIS Investment Option	Total account balance below \$250,000 p.a.	Total account balance of \$250,000 p.a. or above
Defensive	0.90%	0.85%
Conservative	0.95%	0.90%
Growth	1.00%	0.95%
High Growth	1.10%	1.05%
Cash	0.40%	0.35%
Diversified Fixed Interest	0.75%	0.70%
Property	0.90%	0.85%
Australian Shares	1.00%	0.95%
Sustainable Australian Shares	1.15%	1.10%
International Shares	1.15%	1.10%

Note: If your account balance exceeds \$250,000, then the reduced fee as set out above in column 3 applies to all of your investment options.

## Eligible Rollover Fund

If you become a lost member, the Trustee may transfer your balance to an Eligible Rollover Fund (ERF). The Trustee will treat a member as lost if at least two items of mail we sent you have been returned unclaimed. The ERF nominated by the Trustee for this purpose is AUSfund, ABN 85 945 681 973.

To contact AUSfund, call **1300 361 798** or visit [unclaimedsuper.com.au](https://unclaimedsuper.com.au).

If your benefits are transferred to AUSfund, you will cease to be a member of, and cease to have any rights against IRIS. You should be aware that an ERF may not be a suitable long-term investment vehicle for you, as the investment performance and other features may be less favourable than those available from other funds.

## Complaints

We take complaints seriously and have procedures in place to address them. A complaint about your IRIS account will be dealt with in the first instance by the IRIS Retirement Income administrator. If you have a complaint, please contact us directly on **1300 367 485** or write to us at:

**Complaints Resolution Officer**  
**IRIS Administration**  
**Locked Bag 200**  
**Carlton South**  
**VIC 3053**

Upon receipt of your complaint, we will:

- acknowledge the complaint promptly and inform you when to expect a response
- investigate the complaint in a timely manner
- respond to you in writing within 90 days of the date of receiving your complaint.

If after completing IRIS' internal complaints process you are not satisfied with the outcome, you may contact the Superannuation Complaints Tribunal (SCT) at:

**Superannuation Complaints Tribunal**  
**Locked Bag 3060**  
**GPO Melbourne Vic 3001**  
**Phone: 1300 884 114**  
**Email: [info@sct.gov.au](mailto:info@sct.gov.au)**  
**Web: [www.sct.gov.au](http://www.sct.gov.au)**

The SCT is an independent body established by the Federal Government. It helps members of super funds and their dependants resolve certain types of complaints about decisions made by fund trustees, where they cannot be resolved by the fund's complaints process.

## Service providers

The external service providers throughout the year were:

**Accountant:** Shared between Superpartners and Industry Fund Services  
**Administrator:** Superpartners  
**Custodian:** National Australia Bank  
**External Auditor:** Deloitte Touche Tohmatsu  
**Investment Advisor:** Frontier Advisors

## Insurance and indemnification

SMI, the Trustee, has indemnity insurance in place. Insurance cover extends (subject to policy terms and conditions) to the conduct of representatives/employees who no longer work for IRIS but who did at the time the conduct occurred, and that could give rise to a claim for compensation. No insurance premiums are paid from the assets of the Fund for insurance cover provided to either SMI or the auditors of IRIS.

## Related party transactions

No fees were paid to key management personnel of the Trustee out of the assets of the Fund during the period. The Trustee held no interest in the Fund at the end of the financial year.

## Environmental regulations

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

## Derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies or by the Trustee from time to time.

## Risk reserve

The Federal Government's super reforms require trustees of all super funds to establish and maintain an operational risk reserve. As a result, the Trustee of IRIS has established an operational risk reserve account within the Fund.

The purpose of a risk reserve is to provide a source of financial resources specifically to protect members' interests should an operational failure occur that results in losses to the Fund or to members.

An operational failure may occur due to inadequate or failed internal processes, people and systems or from external events. An inaccurate unit price to process a transaction is an example of an operational failure that could lead to a Fund or member loss, which may be addressed through the use of the operational reserve.

A minimum level is required to be maintained to address operational risk, which will be built up over time by provisioning an expense to the Fund. This expense is included until the minimum level is achieved, the Trustee will share with the Fund the cost of any operational risk expenses.

## Privacy

We recognise that your privacy is important to you. Under the Privacy Act 1988 (Commonwealth) we will handle your personal information in accordance with Privacy Principles, and any reasonable directions relating to privacy which are given by the Australian Information Commissioner.

We will only collect, maintain and use personal information about you that is necessary to provide you with the services that you have requested. We also appoint specialists in the fields of administration, investment management, financial planning, custody and audit, to provide services to you on our behalf. They are required to meet the Australian Privacy Principles when using your personal information for the purposes of administering your investment in IRIS Super Income Stream.

To find out more about the personal information we hold and how it is handled, or if you wish to make a complaint about a possible breach of privacy, please call us on **1300 367 485**.

## Key management personnel

### Directors

The directors of the SMI Trustee Board during the year and currently are:

- Cath Bowtell (appointed Jan 2014)
- Roberta Campo (appointed Jan 2014)
- Jack Diamond (resigned Dec 2013)
- Paul Faure (since 2011)
- Graeme (Sandy) Grant (since 2009)
- Michael Migro (since 2012)
- Linda Rubinstein (appointed May 2013)

Directors were appointed in accordance with the Constitution. Copies of the relevant extract from the Constitution and also the Trust Deed are available on our website at [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris).

### Other key IFS management personnel

Name	Position	Employer
David Vernon	General Manager	SMI and IFI
John Meehan	Chief Financial Officer	IFS
Andrew Steggall	Company Secretary	IFS
Lucille Bennetto	Executive Manager, Risk and Compliance	IFS (resigned October 2014)



## IRIS Superannuation Fund

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SPIN SMI0100AU  
USI SMI0100AU  
ABN 88 556 625 125

## Trustee

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Super Members Investments Limited  
ABN 61 095 974 100  
AFS Licence No. 231 230

## Contact

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IRIS Administration  
Locked Bag 200  
Carlton South VIC 3053

T 1300 367 485  
W [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris)  
E [admin@retirewithiris.com.au](mailto:admin@retirewithiris.com.au)

