

# FIDUCIAN SUPERANNUATION SERVICE

Registration Number: R1004298

## Annual Report 2020



**FIDUCIAN**  
INTEGRITY • TRUST • EXPERTISE

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In this Report:

**Trust Deed** means the Fiducian Superannuation Service Trust Deed adopted on 23 September 2011.

**We, us** and **our**, means Fiducian Portfolio Services Limited ABN 13 073 845 931 the Trustee of the Fiducian Superannuation Service.

**You** and **your** is a reference to a member of Fiducian Superannuation Service.

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# FROM THE TRUSTEE

Dear Member,

On behalf of the Trustee Directors of the Fiducian Superannuation Service (the Fund), we are pleased to present the Fund's Annual Report for the year ended 30 June 2020.

This Report provides you with information about the following key aspects of the Fund:

- Investment Options and Performance
- Economic Outlook
- Superannuation News
- Regulatory and Compliance Update

The Trustee aims to ensure that there is a wide range of investment options sufficient to enable diversification across a range of asset sectors.

Each investment offered through the Fund has been, and will continue to be, analysed and selected in accordance with the Fund's formal investment strategy. As always, you should continue to seek quality professional advice from your Financial Planner, who is best placed to tailor a financial plan for your individual circumstances.

The widespread effects of Covid-19 brought unique challenges to superannuation funds this year in areas related to the impact of Covid-19 on member service and administration functions and the impact on both local and international investment markets.

I am pleased to be able to report that, in partnership with our trusted service providers, all member servicing and administration functions (including the processing of early benefit releases) continued seamlessly through this difficult time.

The Government introduced a facility for members facing financial difficulties to withdraw funds from their superannuation account. This was known as the early release scheme. I am also pleased to report that all requests for funds under the early release scheme were promptly finalized.

On the investment front, the uncertainty surrounding the impact of Covid-19 translated into challenging times for short term investment markets. Our longer term results remain sound in both absolute terms as well as compared to other managers.

The results of the Fund's investment process can be seen in the performance of two of the investment options, representing a large proportion of the Fund's assets, for periods ending 30 June 2020:

		<b>Fiducian Growth Fund</b>	<b>Fiducian Balanced Fund</b>
1 year to 30 June 2020	Return	-1.1% pa.	-0.2% pa.
	Ranking*	23 out of 195	15 out of 195
3 years to 30 June 2020	Return	6.4% pa.	6.1% pa.
	Ranking*	6 out of 174	9 out of 174
5 years to 30 June 2020	Return	7.1% pa.	6.6% pa.
	Ranking*	3 out of 167	5 out of 167

\* Morningstar

While past performance in investment markets is no guarantee of future success, we believe that these results are testimony to the strength of the investment process at Fiducian.

The Trustee Directors also invite you to visit our website which has been developed in a clear and accessible style, to review full details of the Trustee Board, corporate structure and Fund benefits. The Fund website details can be viewed at <https://www.fiducian.com.au/superannuation/>.

We also invite you to join us at our first Member's Meeting which will be held in coming months. Full details will be sent to you prior to the Meeting.

As always, we remain fully committed to providing you, our members, with service excellence, and thank you for your continued support.

Kind regards



Drew Vaughan  
Chairman  
Fiducian Portfolio Services Limited –  
Trustee of the Fiducian Superannuation Service



# ECONOMIC OVERVIEW

## GLOBAL ECONOMY

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The global economy has been severely affected this year by economic restrictions put in place by governments almost everywhere to hold back the spread of the Covid-19 coronavirus pandemic, which originated in China and began to spread around the world earlier this year. The International Monetary Fund (IMF) has termed these restrictions 'the Great Lockdown' and in its most recent report (October 2020) has forecast the global economy to contract by 4.4% this year.

This is the first global contraction since the Great Recession of 2009, which followed the global financial crisis of 2008. In fact, this year's projected contraction could be the worst since the Great Depression of the 1930s. However, the IMF is also forecasting a strong rebound next year (global growth of 5.2%), with 'the level of GDP to be 0.6% above that of 2019'. Furthermore, as the IMF put it with regard to the pandemic itself, 'there are some reasons to be hopeful. Testing has been ramped up, treatments are improving, and vaccine trials have proceeded at an unprecedented pace, with some now in the final stage of testing'. The near-term economic outlook though varies significantly between regions, with much depending on the degree to which the virus is being contained. While the advanced economies as a group are forecast to contract by nearly 6% this year, some regions within this group are suffering more than others. In particular, a 'second wave' of the virus has overtaken a number of European economies, leading to severe lockdowns once again, which is likely to slow recovery further.

The IMF is forecasting the Euro region to contract by over 8%, with some economies, including France, Italy and Spain, to contract by 10% or more, with the UK in the same boat. Germany is forecast to contract by 6%, Japan by 5% and the US by 4% over the course of the whole year. However, for some economies, recovery has already begun. Meanwhile, recession is expected to be better contained in much of the developing world, with the whole developing world forecast to contract by 3% this year and then grow by 6% in 2021, led by strong growth in China and India.

In the case of the US, where for some time prior to the pandemic's emergence, growth had been stronger than in most other advanced economies, recession has been somewhat less severe than in most of Europe. In fact, in the September quarter, the US economy staged a remarkable turnaround, expanding at an annualised rate of 33% (following a contraction of 31% in the June quarter). The US economy had been buoyed prior to the pandemic by key policy initiatives introduced by the Trump Administration, including an historically large cut in the federal corporate tax rate in 2018 (from 35% to 20%), increased deductibility of private investment, a significant reduction in government regulation and income tax cuts that helped to underpin strong growth in corporate earnings and a rise in confidence for both businesses and individuals. However, the US, along with much of the rest of the world, has also been severely hit by the pandemic. In response, the US, along with other economies, has had to resort to almost unprecedented levels of stimulus from governments (federal, state and local) and from its central bank (the 'Fed'). Huge amounts have been granted or lent to businesses and individuals, the 'Fed' has had to take interest rates close to 0% and a huge program of 'quantitative easing' ('QE') has had to be implemented to underpin economic activity.

In Europe, in response to the virus-induced recession, hugely supportive monetary and fiscal policy measures have also been put in place to sustain businesses, including the provision of employment support payments, as well as direct grants and loans. Official interest rates have been dropped to historic lows and have even been taken below 0% in some cases, while huge quantities of 'QE' have also been injected into the financial system to encourage investment and sustain economic activity.

In Asia, recession also took hold in the first half of this year, although a rebound is now underway in key parts of the region, notably China. China is forecast to experience positive growth over the course of this year of around 2% and then to take off next year, with expansion of 8%. India too is forecast to enjoy very strong growth in 2021 of around 9%. Japan though is projected to struggle to emerge from recession, with forecast growth of only 2% in 2021.

# ECONOMIC OVERVIEW

(CONT)

## AUSTRALIAN ECONOMY

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The Australian economy, along with most of the rest of the world, has been hit hard this year by measures taken to counter the spread of the coronavirus pandemic. With the virus beginning to spread through the country from March, lockdowns began to be implemented and the economy began to suffer. For the March quarter, the economy contracted by 0.3% but then followed this up with a severe 7% contraction in the June quarter, putting the economy into a full-blown recession for the first time in three decades. Over the full 2019-20 financial year, the economy contracted by 6.3% (and by 7.4% on a per capita basis), which followed a weak performance in the previous year, which saw growth of only 1.4% (also negative on a per capita basis).

Since the start of this financial year, however, much of the country has been recovering to varying degrees, causing the Governor of the Reserve Bank (RBA), Philip Lowe, to state on 3 November that 'the economic recovery is underway and positive GDP growth is now expected in the September quarter'. Furthermore, Lowe noted that 'growth is expected to be around 6% over the year to June 2021'. In other words, the RBA is expecting a strong recovery. This expected recovery is being underpinned by huge government fiscal support programs in the form of grants and loans to businesses and individuals, as well as by strong actions being taken by the RBA. These actions include dropping official short-term interest rates to a record low of 0.1% from 3 November, along with large-scale 'QE', all with the aim of 'lowering financing costs for borrowers, contributing to a lower exchange rate than otherwise and supporting asset prices'. With the RBA not expecting to increase the cash rate for at least three years, this could be expected to underpin both equity and property markets for some time to come, with corporate profits forecast to grow by a solid 15% in 2021 after declining by 2% this year (Yardeni Research).

# FINANCIAL MARKETS OVERVIEW

## AUSTRALIAN SHARES

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The first half of the 2019-20 financial year saw the Australian share market rise 3% (ASX200 Accumulation Index). This rise, which coincided with rising global share markets on the back of accommodative monetary policy being implemented by major central banks, continued into the first two months of this year.

From its peak in late February, however, the market began to drop precipitously in reaction to lockdown measures taken to counter the spread of the coronavirus pandemic and by late March in a period of just over four weeks the domestic market had fallen by a record 37%. At that point, with a world-wide move by governments and central banks to begin to pour out unprecedentedly large economic support measures, a stock market rebound began so that by early June the market had risen by around 35% from its low, before beginning an extended sideways trend.

Over the full financial year, the market was down by 8%, in line with the fall in the key Industrials sector, while the Resources sector was down 7%. The hardest hit sector though was Financials (down 21%), with the major banks leading the slide and reflecting the onset of economic recession. Healthcare though outperformed (up 27%), while Technology (up 19%) continued its upwards trend. By 29 October, the overall share market still appeared reasonably priced compared with other investment opportunities, with an estimated price-to-earnings ratio (PER) of 18 times forward earnings (above its long-term average) (Yardeni Research).

## INTERNATIONAL SHARES

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International share markets mostly rose over the first half of the 2019-20 financial year. However, in late February, investors began to take fright at the prospect of business shutdowns and rising unemployment due to the rapid spread of the coronavirus pandemic. Investor confidence dived and stock markets began to spiral downwards. By late March though most markets were rising again in response to huge combined fiscal and monetary stimulus programs being put in place.

# FINANCIAL MARKETS

## OVERVIEW (CONT)

Over the full year to 30 June 2020, market movements included the broad US market (S&P500) up 5% and the technology-laden US Nasdaq Index up 26%, while European markets were much weaker, reflecting a more severe recession taking hold across the region. The UK market was down 17% over the year, France 11% and Germany 1%. Key Asian markets were mixed, with Japan up 5%, China flat and India down 11%.

The September quarter this year saw further upwards movement in US markets, with the broad market up 9%, while the UK and French markets moved lower (by 5% and 3% respectively), the German and Japanese markets each rose 4%, China was up 8% and India 16%. With major central banks all now expected to hold interest rates at historically low levels for an extended period of time and with massive government stimulus programs being implemented, the outlook for markets remains positive. This is especially so given that earnings growth is forecast to rebound next year in most jurisdictions. In terms of valuations, by end-September, the price-to-earnings ratio (PER) for the major world markets as a whole (represented by the MSCI World Index) was around 20 times estimated forward earnings, above its longer-term average. In general terms most major share markets though were still looking better value than most other investment opportunities, such as bonds and cash.

### PROPERTY

The domestic listed property sector under-performed the overall domestic share market over the 2019-20 financial year (down 21% against a decline of 8% for the broader market) and, along with Financials was the worst performing sector over the period. The sector was hit hard by the lockdowns imposed this year to prevent the spread of the coronavirus pandemic, with both office buildings and retail shopping centres severely affected. However, over the September quarter this year, performance picked up strongly (up 7% against a fall of 0.4% for the broader market). More recently, however, with the virus appearing to have been almost eliminated domestically, the outlook for this sector has improved markedly.

Looking ahead to an improving environment for the local economy, the prospective earnings yield for the sector looks relatively attractive, while many stocks appear to be trading at a solid discount to book value. By end-October, the sector's PER was around 17 times forward earnings and it offered an earnings yield (2021-22 earnings) of around 6%, with many securities trading at significant discounts to net asset value.

### AUSTRALIAN BONDS

For the year ended 30 June 2020, Australian bonds (Bloomberg Composite Bond All Maturities Index) returned 4.2%, well below the previous year's return for the sector of 9.6%. However, the sector's return was well above the 8% index decline experienced by investors in the domestic share market but a little below the index return provided by international bonds over the same period. The sector has benefited over the past year from a drop in the general level of interest rates due to recession taking hold in the domestic economy and the RBA targeting low rates in response. Despite evidence of economic activity picking up in parts of Australia in recent months, it could be some time before interest rates resume an upwards trend.

Internationally, most major central banks (including the US 'Fed', the European Central Bank and the Bank of Japan) are likely to continue to target low bond yields for at least the next year and certainly until activity has rebounded and inflation has gone above target levels for an extended period. Given that yields have now fallen to historic lows, the domestic bond market appears expensive relative to historical norms and relative to other investment options, including share markets, although bond yields could potentially remain close to historically low levels for an extended period.

# FINANCIAL MARKETS OVERVIEW (CONT)

## INTERNATIONAL BONDS

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International bonds as a sector performed reasonably well over the 2019-20 financial year, returning 5.2% (Barclays Capital Global Aggregate index, hedged to the \$A), although this return was below that of the previous year (7.2%). The return for the year also matched that of the global shares index (MSCI World ex-Australia) in \$A terms and significantly outperformed the domestic share index.

While the sector performed well as a defensive buffer against investor moves out of more volatile share markets due to the onset of the pandemic earlier this year, overall, the sector now appears expensive relative to most major share markets. As the outlook for the global economy improves, there is considerable potential for a further shift back by investors from bonds into supposedly 'riskier' share and property markets. On the other hand, there is a clear determination on the part of central banks to hold both short and longer-term bond yields at historically low levels for a considerable period of time. Longer-term though the broad trajectory for bond yields could be up (with prices falling).

# SUPERANNUATION UPDATE FOR 2019/2020

## FROM 1 JULY 2019

As outlined in last year's report the following changes to superannuation rules came into effect from 1 July 2019.

### **NO WORK TEST FOR CONTRIBUTIONS IN THE FIRST YEAR OF RETIREMENT**

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New retirees aged between 65 and 74 will be able to make voluntary contributions into their super account without needing to satisfy the work test. To qualify you must have had less than \$300,000 in your super account at the end of the previous financial year.

### **CATCH-UP CONCESSIONAL CONTRIBUTIONS**

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This is the first year you can make additional catch-up concessional contributions to your super fund, allowing eligible Australians to put more into super. You do this by using your unused concessional contributions cap amounts from previous years.

### **LOSS OF INSURANCE COVER**

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If your superannuation account hasn't received any contributions or rollovers for more than 16 months, it is considered inactive. It will cut off your death and total and permanent disability (TPD) insurance cover.

### **CLOSURE OF INACTIVE SUPER ACCOUNTS**

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Your super account could be closed automatically if you have an inactive super account with a balance of less than \$6000.

### **SWITCHING FUNDS WITHOUT EXIT FEES**

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Another good move is that you will be able to switch from one superannuation fund to another without having to pay an exit fee.

### **CAP ON FEES FOR LOW BALANCE ACCOUNTS**

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One of the benefits of the new changes is a new cap on the fees charged on small super accounts with a balance of \$6000 or less. However the capped fee level is quite high at 3% per annum.

# SUPERANNUATION UPDATE FOR 2019/2020

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## NEW CHANGES FROM 2020 FEDERAL BUDGET

Due to the Covid-19 crisis this year, the federal budget was delayed until October of 2020. Whilst the 2020/21 Federal Budget was packed with personal tax cuts, business tax incentives and infrastructure funding, lost amongst these big-ticket items were three proposals that stand to dramatically shape superannuation going forward.

In brief, the three proposals were:

- That superannuation funds be “stapled” to an employee when they change employers,
- That an online MySuper comparator tool, “YourSuper”, be created, and
- That super funds be subject to annual performance tests.

These three proposals all have their roots in the Productivity Commission’s 2018 final report on efficiency and competition in the superannuation industry. That said, they do not implement the commission’s recommendations in full.

## STAPLED SUPER

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### The Budget proposal

By July 1, 2021, an employee’s super fund contributed to by their previous employer (if it is still active) is proposed to be the default fund into which a new employer would contribute. This would prevent employees receiving a new default fund every time they join a new employer, as is currently the case.

This process would be managed by the employer engaging with the ATO. If an employee does not have an existing chosen super account (for example, if it is their first job), the employer would still need to use a default MySuper fund. The employer would then allocate the employee to that default fund if the employee does not submit an alternate super choice.

### Likely Impact

Those with default superannuation are often apathetic about their default super. As the Productivity Commission identified:

- Members who default are typically disengaged and exert no competitive pressure — there is limited or no competition in the market.
- This disengagement is made obvious by the fact, identified by the ATO, that more than a third of the population still has multiple super funds.

This disengagement is likely to result in default superannuation as a product becoming “stickier” under the Budget proposal. As an employee moves from employer to employer, the path of least resistance will be to let their super fund follow them automatically, rather than examine whether it is still appropriate for them. The standards applied to MySuper funds will protect such employees from ending up in a fund with features and costs lagging the market to some degree.

The absence of a “best in show” list from the Budget proposals seems positive for overall competition in the default super market. If the shortlist model was adopted, it is hard to see how new market entrants would be able to build up the economies of scale necessary to make the list. Furthermore, dropping off the list would be terminal for many funds as the loss of inflows is likely to be exacerbated by an exodus of existing members.

### The unknowns

There are a number of unknowns regarding the “stapling” process recommended in the Budget. First and foremost, it isn’t clear how the identification of a valid fund stapled to a new employee will fit in the existing “choice of fund” process.

It is also unclear as to how the stapling process will interact with the performance benchmarking (also proposed in the Budget) and MySuper accreditation.



# SUPERANNUATION UPDATE FOR 2019/2020

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## YOURSUPER

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### **The Budget proposal**

By July 1, 2021, a new online tool, YourSuper, is proposed to be created that will allow clients to compare the fees and performance of MySuper products. The tool will link clients to websites where they can apply for new MySuper accounts and will also prompt them to consolidate their super if they have multiple funds.

### **Likely impact**

It seems YourSuper is looking to provide a closer link between the ATO's lost super service and MoneySmart's funds list (MySuper).

Limiting the scope of YourSuper to MySuper funds also reduces its efficacy. The super marketplace is much larger than MySuper funds and it could inadvertently shut the door on a range of options that are available to fund members through a lack of information about non-MySuper options.

This may lead to an increased risk of clients changing products without considering all relevant factors, including insurance coverage and investment choice. A broader range of comparison metrics than just fees and performance would better equip consumers to make informed decisions.

### **The unknowns**

While ASIC has updated Regulatory Guide 97 to increase consistency in fee reporting, adherence to these standards is an issue that needs to be addressed. The amendments to RG 97 don't apply to PDS's until September 2022 – after the proposed commencement of YourSuper.

It isn't clear in the Budget proposal how the government proposes to ensure consistent information is provided to consumers from the outset of YourSuper.

## PERFORMANCE BENCHMARKING

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### **The Budget proposal**

By July 1, 2021, all investment returns in MySuper funds would be benchmarked by APRA. Funds that are deemed to be underperforming will need to inform their members of this outcome. Funds that are considered to have underperformed for two consecutive years will be closed to new members until their performance improves.

This benchmarking was proposed to be extended to other super products (presumably choice funds), by July 1, 2022.

### **Impact on super and advice**

Fund members will be pleased that underperformance of their super fund will be brought to their attention quickly. The potential negative effects of being identified as underperforming will incentivise publicly-offered super funds (MySuper funds initially, and other funds subsequently) to avoid investment choices that could see them underperform the benchmark.

The flipside of this conservatism is that few, if any, publicly-offered super funds are likely to attempt to significantly outperform the benchmark.

### **The unknowns**

The most important details that are as yet unknown about this proposal are the benchmarks against which investment options are to be tested. The indices, the ability to mix and match indices for varied investment strategies, and the ability for funds to choose their benchmarks, will all impact how this proposal changes the behaviour of super funds.

It is also unknown which "other" super products are proposed to come under this regime by July 2022. Choice funds seem the most obvious candidates. There has been some conjecture that it could be extended to SMSFs. This seems unlikely as they are regulated by the ATO rather than APRA, aren't publicly offered super products, and the proposed punishments for underperformance would have little effect.

# SUPERANNUATION UPDATE FOR 2019/2020

(CONT)

## **NO TINKERING, SUBSTANTIVE CHANGE**

The three Budget proposals add up to the implementation of genuine reform to superannuation. Unlike previous super overhauls, the focus isn't on the tax incentives provided by super, but on how people are connected to their super fund and how much information is publicly available.

Clients will need to appreciate that understanding their chosen super product will require more than the fees and returns listed on YourSuper.

These proposals may inadvertently lead to SMSFs assuming a more prominent, and possibly exclusive, role as the super fund of choice for those looking to outperform the market.

# INVESTMENTS AND INVESTMENT RETURNS

As at 30 June 2020, the following investments have a value in excess of 5% of the total assets of the Fund:

<b>Funds</b>	<b>% of Fund</b>
Fiducian Aust. Smaller Co Shares Fund	5.3%
Fiducian Australian Shares Fund	9.6%
Fiducian Balanced Fund	16.7%
Fiducian Capital Safe Fund	6.9%
Fiducian Capital Stable Fund	14.3%
Fiducian Growth Fund	6.7%
Fiducian Ultra Growth Fund	10.3%
Fiducian International Shares Fund	9.7%

# INVESTMENTS AND INVESTMENT RETURNS

(CONT)

## FIDUCIAN FUNDS INVESTMENT RETURNS

Fiducian Funds were first offered on 16 January 1997.

Fiducian Funds	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Year to 30/06/20	Compound Return p.a.
Fiducian Capital Safe Fund	1.9%	2.0%	1.7%	1.8%	0.8%	1.6%
Fiducian Capital Stable Fund	4.2%	4.7%	6.0%	6.0%	1.5%	4.5%
Fiducian Balanced Fund	4.9%	9.9%	11.6%	7.3%	-0.2%	6.6%
Fiducian Growth Fund	5.1%	11.3%	13.2%	7.5%	-1.1%	7.1%
Fiducian Australian Shares Fund	5.3%	15.0%	15.8%	4.9%	-5.8%	6.7%
Fiducian Aust. Smaller Co Shares Fund	14.2%	5.3%	18.1%	1.3%	0.7%	7.7%
Fiducian International Shares Fund	-1.5%	17.6%	15.1%	8.5%	10.8%	9.9%
Fiducian Geared Australian Shares Fund	-3.4%	21.2%	20.1%	12.0%	-27.4%	2.7%
Fiducian Global Smaller Company & Emerging Markets Fund <sup>1</sup>	-3.7%	17.4%	11.6%	1.8%	-5.7%	3.9%
Fiducian India Fund <sup>1</sup>	2.4%	23.8%	1.9%	5.1%	-20.8%	1.4%
Fiducian Property Securities Fund	22.9%	-2.2%	12.9%	17.6%	-19.4%	5.2%
Fiducian Technology Fund <sup>1</sup>	1.1%	32.4%	18.5%	12.2%	30.7%	18.4%
Fiducian Ultra Growth Fund <sup>1</sup>	6.9%	10.9%	14.9%	3.7%	-1.7%	6.8%
Fiducian Diversified Social Aspirations Fund		10.9%	12.0%	9.7%	-4.1%	9.3%

<sup>1</sup> Fund was not offered in 1997 but has been available for over 5 years.

## FIDUCIAN PERSONAL MANAGED SHARE PORTFOLIOS

The returns in the following table are notional and are based on the assumptions of portfolios with equal weighting to each share at the commencement of the portfolio and after every stock change. The actual returns for an individual portfolio will differ depending on when the member invested.

Personal Managed Share Portfolios	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Year to 30/06/20	Compound Return p.a.
Imputation Portfolio	3.0%	12.1%	8.4%	3.7%	-15.8%	1.8%
Emerging Leaders Portfolio	21.4%	35.8%	31.7%	-12.0%	-11.6%	11.0%
Growth Portfolio	7.6%	25.2%	24.6%	12.5%	14.1%	16.6%
Property Securities Portfolio	22.2%	-1.8%	11.7%	13.0%	-21.1%	3.6%

Notes to tables on pages 17-18:

1. The returns shown are net earnings i.e. after deduction of investment management fees. The returns are also before income tax.

2. The value of Members' Accounts will vary with the market value of the investments selected. Account values may, therefore, rise and fall. Past performance should not be taken as an indication of future performance.

# INVESTMENTS AND INVESTMENT RETURNS

(CONT)

## FIDUCIAN COLLECTION INVESTMENT RETURNS

Asset Name	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Year to 30/06/20	Compound Return p.a.
<b>Capital Safe</b>						
AMP Capital Managed Treasury Fund	2.3%	2.0%	1.8%	2.1%	1.0%	1.8%
UBS Cash Fund	2.1%	1.8%	1.7%	1.9%	0.8%	1.7%
UBS Short-Term Fixed Income Fund	2.4%	2.5%	2.2%	2.5%	1.1%	2.1%
<b>Capital Stable</b>						
Invesco Wholesale Senior Secured Income	1.7%	8.4%	4.3%	2.8%	-5.9%	2.1%
Macquarie Master Capital Stable Fund	1.2%	6.1%	4.7%	6.5%	7.0%	5.1%
Onepath Wholesale Capital Stable Trust	3.5%	1.8%	3.1%	5.6%	0.5%	2.9%
Pendal Conservative Outlook Fund	4.8%	2.7%	4.8%	4.1%	-0.4%	3.2%
<b>Balanced</b>						
Colonial First State Wholesale Diversified Fund	3.8%	7.1%	10.2%	9.2%	-0.6%	5.9%
Legg Mason Martin Currie Diversified Growth Fund	2.9%	12.8%	8.3%	4.9%	-3.5%	4.9%
Macquarie Master Balanced Fund	2.1%	11.6%	8.9%	8.4%	4.6%	7.1%
Onepath Tax Effective Income Trust - Wholesale Class	4.2%	3.6%	7.4%	9.6%	-10.6%	2.6%
Pendal Balanced Returns Fund	2.9%	6.6%	8.6%	4.4%	-1.8%	4.1%
Schroder Strategic Growth Fund Wholesale Class	0.3%	12.1%	7.4%	7.1%	-1.1%	5.0%
<b>Growth</b>						
Aberdeen Standard Multi-Asset Real Return Fund	3.6%	11.1%	3.9%	6.0%	-4.5%	3.9%
Onepath Wholesale Managed Growth Trust	1.6%	9.0%	8.3%	6.8%	-3.2%	4.4%
<b>Australian Shares</b>						
AMP Capital Equity Fund	-1.3%	9.0%	13.6%	11.5%	-7.8%	4.7%
Antares Professional High Growth Shares Fund	1.7%	17.1%	18.7%	5.4%	-11.7%	5.6%
Ausbil Australian Active Equity Fund	1.2%	14.0%	16.3%	6.1%	-6.7%	5.9%
Colonial First State Wholesale Australian Share Fund	3.9%	3.9%	23.0%	8.9%	4.2%	8.5%
Colonial First State Wholesale Imputation Fund	0.2%	7.3%	20.4%	9.9%	-3.1%	6.6%
Hyperion Australian Growth Companies Fund	15.7%	5.4%	15.3%	6.0%	17.7%	11.9%
Investors Mutual Australian Shares Fund	5.1%	12.5%	5.2%	8.7%	-12.0%	3.6%
Pendal Australian Share Fund	-2.2%	15.8%	14.8%	7.9%	-6.2%	5.6%
Perpetual's W/S Industrial Fund	-1.6%	13.8%	5.9%	4.4%	-11.1%	1.9%
Perpetual Wholesale Ethical SRI Fund	5.9%	13.9%	6.2%	-0.8%	-8.3%	3.1%
Sandhurst IML Industrial Share Fund	4.3%	13.9%	4.1%	6.7%	-15.6%	2.2%
Schroder Wholesale Australian Equity Fund	-6.7%	20.1%	12.8%	9.4%	-10.9%	4.3%
Niko AM Australian Share Wholesale Fund	-1.5%	23.4%	11.8%	-2.5%	-15.7%	2.2%
Vanguard Wholesale Australian Shares Index Fund	0.6%	13.7%	13.0%	11.2%	-7.6%	5.9%
<b>Australian Smaller Company Shares</b>						
Pendal Smaller Companies Fund	15.0%	5.5%	25.1%	-3.5%	-3.1%	7.3%
Investors Mutual Aust. Smaller Cos Fund	13.1%	13.7%	10.6%	-0.8%	-10.1%	4.9%

# INVESTMENTS AND INVESTMENT RETURNS

(CONT)

## FIDUCIAN COLLECTION INVESTMENT RETURNS (CONT)

Asset Name	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Year to 30/06/20	Compound Return p.a.
<b>International Shares</b>						
Aberdeen Standard Actively Hedged International Equities Fund	-1.6%	12.1%	9.0%	10.3%	3.2%	6.5%
Aberdeen Standard Emerging Opportunities Fund	-1.6%	13.2%	-0.3%	13.4%	-4.4%	3.8%
Arrowstreet Global Equity Fund (Hedged)	-2.2%	20.4%	12.0%	6.9%	-1.6%	6.8%
AMP Capital Wholesale Global Equity - Value Fund	-7.2%	15.7%	11.8%	0.9%	-4.5%	2.9%
Janus Henderson W'sale Global Natural Resources Fund	-1.3%	3.9%	21.1%	-2.7%	-7.9%	2.2%
Magellan Global Fund	-0.1%	15.4%	16.9%	20.2%	9.0%	12.0%
Magellan Infrastructure Fund	17.8%	8.6%	6.9%	16.5%	-8.9%	7.7%
Pendal Asian Share Fund	-5.4%	15.3%	1.2%	5.1%	9.5%	4.9%
Pendal International Share Fund	-2.9%	16.0%	14.0%	4.1%	-5.0%	4.9%
Platinum Asia Fund	-10.3%	19.7%	16.5%	0.5%	14.7%	7.6%
Platinum International Fund	-6.3%	21.4%	14.2%	0.8%	-4.1%	4.7%
PM Capital Global Companies Fund	-17.7%	34.7%	14.0%	0.5%	-6.4%	3.5%
Premium China Fund	-29.8%	29.9%	14.5%	-4.0%	8.8%	1.7%
Templeton Global Equity Fund	-11.2%	19.9%	10.7%	0.8%	-3.8%	2.7%
Vanguard Wholesale International Shares Index Fund	0.7%	14.7%	15.4%	12.2%	5.2%	9.5%
Vanguard Wholesale International Shares Index Fund (Hedged)	-1.3%	20.6%	11.4%	6.5%	1.4%	7.4%
<b>Property Securities</b>						
APN Property for Income Fund No. 2	23.6%	-3.0%	11.0%	11.3%	-19.8%	3.5%
Ironbark Paladin Property Securities Fund	24.1%	-4.6%	16.0%	16.3%	-16.0%	6.1%
Legg Mason Martin Currie Property Securities Trust	21.0%	-4.9%	10.2%	5.4%	-18.3%	1.8%
Pendal Property Investment Fund	23.7%	-4.8%	12.2%	23.5%	-16.6%	6.4%
SG Hiscock Property Opportunities Fund	18.5%	-1.2%	10.5%	3.7%	-25.0%	0.1%
Vanguard Wholesale Property Securities Index Fund	24.4%	-5.5%	13.0%	19.3%	-20.7%	4.7%
<b>Geared Funds</b>						
Colonial First State Wholesale Geared Share Fund	-2.1%	24.1%	30.7%	16.5%	-11.7%	10.3%
<b>Fixed Income</b>						
Aberdeen Standard Australian Fixed Income Fund	6.7%	0.2%	3.2%	9.5%	3.5%	4.6%
Janus Henderson Tactical Income Trust	3.8%	2.7%	2.9%	3.3%	2.8%	3.1%
Vanguard International Fixed Interest Index Fund (Hedged)	10.5%	-1.3%	2.1%	6.8%	5.2%	4.6%
Perpetual Wholesale Diversified Income Fund	2.7%	5.3%	3.2%	3.2%	0.7%	3.0%
Schroder Fixed Income Wholesale Class	5.0%	0.7%	2.7%	9.0%	4.3%	4.3%
Vanguard Australian Fixed Interest Index Fund	6.8%	0.1%	2.8%	9.4%	3.8%	4.5%

# ASSET ALLOCATION AT 30 JUNE 2020

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
<b>Fiducian Funds</b>								
Fiducian Capital Safe Fund	63.3%	36.7%						
Fiducian Capital Stable Fund	30.4%	25.2%	11.0%	0.0%	15.8%	12.5%	5.1%	
Fiducian Balanced Fund	9.7%	12.6%	5.5%	0.0%	37.0%	26.5%	8.7%	
Fiducian Growth Fund	5.9%	7.3%	3.2%	0.0%	42.2%	30.5%	11.0%	
Fiducian Australian Shares Fund	0.4%				99.6%			
Fiducian Aust. Smaller Co Shares Fund	1.2%				98.8%			
Fiducian International Shares Fund	1.0%					99.0%		
Fiducian Geared Australian Shares Fund	2.5%				97.5%			
Fiducian Global Smaller Company & Emerging Mkts Fund	1.1%					98.9%		
Fiducian India Fund	1.5%					98.5%		
Fiducian Property Securities Fund	1.3%						98.7%	
Fiducian Technology Fund	1.5%					98.5%		
Fiducian Ultra Growth Fund	1.5%				46.2%	44.4%	7.9%	
Fiducian Diversified Social Aspirations Fund	2.7%				59.9%	37.4%		

# ASSET ALLOCATION AT 30 JUNE 2019

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
<b>Fiducian Funds</b>								
Fiducian Capital Safe Fund	55.0%	45.0%						
Fiducian Capital Stable Fund	30.2%	22.5%	10.1%	5.0%	15.1%	12.0%	5.1%	
Fiducian Balanced Fund	10.1%	11.4%	5.1%	2.5%	37.0%	24.7%	9.1%	
Fiducian Growth Fund	8.2%	6.3%	2.8%	1.4%	41.2%	29.2%	10.9%	
Fiducian Australian Shares Fund	0.4%				99.6%			
Fiducian Aust. Smaller Co Shares Fund	0.4%				99.6%			
Fiducian International Shares Fund	2.7%					97.3%		
Fiducian Geared Australian Shares Fund	2.6%				97.4%			
Fiducian Global Smaller Company & Emerging Mkts Fund	10.9%					89.1%		
Fiducian India Fund	3.6%					96.4%		
Fiducian Property Securities Fund	2.1%						97.9%	
Fiducian Technology Fund	1.3%					98.7%		
Fiducian Ultra Growth Fund	5.6%				45.2%	40.0%	9.2%	
Fiducian Diversified Social Aspirations Fund	3.2%				56.9%	39.9%		

# ASSET ALLOCATION AT 30 JUNE 2020

Note: The Trustee is required to advise asset allocation at both the latest and previous 30 June. (See 2019 on pages 29-32).

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
<b>Fiducian Collection</b>								
<b>Capital Safe</b>								
AMP Capital Managed Treasury Fund	20.1%	68.7%	11.2%					
UBS Cash Fund	91.6%	8.4%						
UBS Short-Term Fixed Income Fund	31.1%	68.9%						
<b>Capital Stable</b>								
Invesco Wholesale Senior Secured Income	1.2%		98.8%					
Macquarie Master Capital Stable Fund	3.8%	51.2%	18.3%		14.0%	9.9%		2.7%
Onepath Wholesale Capital Stable Trust	27.7%	30.4%	22.5%		8.1%	2.3%	3.2%	5.9%
Pendal Conservative Outlook Fund	25.8%	16.4%	17.4%		9.6%	11.0%	4.5%	15.3%
<b>Balanced</b>								
Colonial First State W'sale Diversified Fund	9.4%	19.3%	9.8%		32.1%	24.7%	4.8%	
Legg Mason Martin Currie Diversified Growth Fund	7.4%	13.8%	3.3%		45.4%	20.0%	8.5%	1.7%
Macquarie Master Balanced Fund	3.7%	28.5%	13.8%		25.6%	24.2%		4.3%
Onepath Tax Effective Income Trust - Wholesale Class	13.0%	19.7%			31.4%		31.3%	4.7%
Pendal Balanced Returns Fund	10.4%	10.7%	9.6%		23.0%	25.8%	5.3%	15.2%
Schroder Strategic Growth Fund Wholesale Class	15.7%	13.9%	11.2%		35.0%	24.2%		
<b>Growth</b>								
Aberdeen Standard Multi-Asset Real Return Fund	7.2%	12.5%	21.5%		7.7%	23.7%		27.5%
Onepath Wholesale Managed Growth Trust	3.2%	9.6%	8.2%		21.2%	26.6%	5.2%	26.1%
<b>Australian Shares</b>								
AMP Capital Equity Fund	1.1%				92.5%		6.4%	
Antares Professional High Growth Shares Fund	1.2%				98.8%			
Ausbil Australian Active Equity Fund	0.5%				99.5%			
Colonial First State Wholesale Australian Share Fund	1.4%				98.6%			
Colonial First State Wholesale Imputation Fund	1.6%				98.4%			
Hyperion Australian Growth Companies Fund	3.7%				96.3%			
Investors Mutual Australian Shares Fund	5.9%				91.3%		2.8%	
Pendal Australian Share Fund	3.7%				96.3%			
Perpetual's W/S Industrial Fund	3.8%				83.5%	8.6%	4.1%	
Perpetual Wholesale Ethical SRI Fund	8.0%				84.4%	5.2%	2.4%	
Sandhurst IML Industrial Share Fund	2.5%				97.5%			
Schroder Wholesale Australian Equity Fund	3.5%				96.5%			
Niko AM Australian Share Wholesale Fund	0.2%				94.1%		5.7%	
Vanguard Wholesale Australian Shares Index Fund					100.0%			
<b>Australian Smaller Company Shares</b>								
Pendal Smaller Companies Fund	4.6%				95.4%			
Investors Mutual Aust. Smaller Cos Fund	10.3%				84.4%		5.4%	

# ASSET ALLOCATION AT 30 JUNE 2020 (CONT)

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
<b>International Shares</b>								
Aberdeen Standard Actively Hedged International Equities Fund	0.8%					99.2%		
Aberdeen Standard Emerging Opportunities Fund	1.2%					98.8%		
Arrowstreet Global Equity Fund (Hedged)	4.0%					96.0%		
AMP Capital Wholesale Global Equity - Value Fund	1.6%					98.4%		
Janus Henderson W'sale Global Natural Resources Fund	1.2%				13.5%	85.3%		
Magellan Global Fund	15.4%					84.6%		
Magellan Infrastructure Fund	11.5%				15.2%	73.3%		
Pendal Asian Share Fund	6.5%					93.5%		
Pendal International Share Fund	2.5%					97.5%		
Platinum Asia Fund	5.3%					94.7%		
Platinum International Fund	12.6%				0.3%	87.2%		
PM Capital Global Companies Fund	-0.9%	5.9%			0.4%	94.5%		
Premium China Fund	0.5%					99.5%		
Templeton Global Equity Fund	6.9%					93.2%		
Vanguard Wholesale International Shares Index Fund						100.0%		
Vanguard Wholesale International Shares Index Fund (Hedged)						100.0%		
<b>Property Securities</b>								
APN Property for Income Fund No. 2	2.8%						97.2%	
Ironbark Paladin Property Securities Fund	1.7%						98.3%	
Legg Mason Martin Currie Property Securities Trust	1.4%				1.0%		97.6%	
Pendal Property Investment Fund	4.0%						96.0%	
SG Hiscock Property Opportunities Fund	3.4%						96.6%	
Vanguard Wholesale Property Securities Index Fund							100.0%	
<b>Geared Funds</b>								
Colonial First State Wholesale Geared Share Fund	4.7%				95.3%			
<b>Fixed Income</b>								
Aberdeen Standard Australian Fixed Income Fund	4.0%	96.0%						
Janus Henderson Tactical Income Trust	6.4%	88.6%	5.0%					
Vanguard International Fixed Interest Index Fund (Hedged)		1.5%	98.5%					
Perpetual Wholesale Diversified Income Fund	16.3%	52.1%	31.6%					
Schroder Fixed Income Wholesale Class	7.8%	87.1%	5.1%					
Vanguard Australian Fixed Interest Index Fund		100.0%						



# ASSET ALLOCATION AT 30 JUNE 2019

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
<b>Fiducian Collection</b>								
<b>Capital Safe</b>								
AMP Capital Managed Treasury Fund	12.1%	79.7%	8.3%					
UBS Cash Fund	96.7%	3.3%						
UBS Cash Plus Fund	35.7%	64.3%						
<b>Capital Stable</b>								
INVESCO Wholesale Protected Growth Fund	1.1%		98.9%					
Macquarie Master Capital Stable Fund	20.9%	13.3%	8.8%		22.1%	31.0%		3.9%
Onepath Wholesale Capital Stable Trust	30.9%	27.7%	20.1%		9.8%	2.8%	3.6%	5.1%
Pendal Conservative Outlook Fund	19.1%	25.7%	16.0%		10.4%	9.0%	4.2%	15.6%
<b>Balanced</b>								
Colonial First State W'sale Diversified Fund	8.3%	18.3%	10.3%		32.1%	25.9%	5.0%	
Legg Mason Martin Currie Diversified Trust	11.7%	16.8%	3.7%		43.2%	21.8%	5.1%	-2.3%
Macquarie Master Balanced Fund	20.9%	13.3%	8.8%		22.1%	31.0%		3.9%
Onepath Tax Effective Income Trust - Wholesale Class	12.8%	18.9%			36.9%		31.5%	
Pendal Balanced Returns Fund	1.8%	16.8%	11.5%		25.7%	21.8%	4.6%	17.8%
Schroder Balanced Fund Wholesale Class	14.4%	13.2%	13.4%		35.3%	23.7%		
<b>Growth</b>								
Aberdeen Standard Multi-Asset Real Return Fund	2.1%	1.8%	35.8%		16.4%	17.2%	3.2%	23.5%
Onepath Wholesale Managed Growth Trust	3.6%	8.5%	7.6%		24.4%	30.0%	12.7%	13.2%
<b>Australian Shares</b>								
AMP Capital Equity Fund	1.4%				91.4%		7.2%	
Antares Professional High Growth Shares Fund	0.9%				99.1%			
Ausbil Australian Active Equity Fund	1.5%				98.5%			
Colonial First State Wholesale Australian Share Fund	3.5%				96.5%			
Colonial First State Wholesale Imputation Fund	2.3%				97.7%			
Hyperion Australian Growth Companies Fund	13.9%				86.1%			
Investors Mutual Australian Shares Fund	8.2%				86.9%		4.9%	
Niko AM-Tyndall Australian Share Wholesale Fund	2.9%				89.8%		7.3%	
Pendal Australian Share Fund	2.4%				97.6%			
Perpetual's W/S Industrial Fund	6.3%				80.8%	6.1%	6.8%	
Perpetual Wholesale Ethical SRI Fund	9.9%				82.8%	4.2%	3.1%	
Sandhurst IML Industrial Share Fund	1.3%				98.7%			
Schroder Wholesale Australian Equity Fund	3.2%				96.8%			
Vanguard Wholesale Australian Shares Index Fund					100.0%			
<b>Australian Smaller Company Shares</b>								
Investors Mutual Aust. Smaller Cos Fund	7.4%				88.1%		4.4%	
Pendal Smaller Companies Fund	6.6%				93.4%			

# ASSET ALLOCATION AT 30 JUNE 2019 (CONT)

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
<b>International Shares</b>								
Aberdeen Standard Actively Hedged Int. Equities Fund	1.1%					98.9%		
Aberdeen Standard Emerging Opportunities Fund	2.0%					98.0%		
AMP Capital Wholesale Global Equity - Growth Fund	1.4%					98.6%		
AMP Capital Wholesale Global Equity - Value Fund	1.8%					98.2%		
Arrowstreet Global Equity Fund (Hedged)	0.0%					100.0%		
Janus Henderson W'sale Global Natural Resources Fund	2.3%				12.3%	85.4%		
Magellan Global Fund	8.0%					92.0%		
Magellan Infrastructure Fund	5.5%				18.7%	75.9%		
Pendal Asian Share Fund	4.7%					95.3%		
Pendal International Share Fund	2.4%					97.6%		
Platinum Asia Fund	19.1%					80.9%		
Platinum International Fund	15.9%				0.1%	84.0%		
PM Capital Global Companies Fund	4.8%	4.6%	2.2%			88.4%		
Premium China Fund	0.9%					99.1%		
Templeton Global Equity Fund	9.1%					90.9%		
Vanguard Wholesale International Shares Index Fund						100.0%		
Vanguard Wholesale International Shares Index Fund (Hedged)						100.0%		
<b>Property Securities</b>								
APN Property for Income Fund No. 2	1.9%						89.5%	8.6%
Ironbark Paladin Property Securities Fund	6.4%						93.6%	
Legg Mason Martin Currie Property Securities Trust	1.6%						98.4%	
Pendal Property Investment Fund	5.1%						94.9%	
SG Hiscock Property Opportunities Fund	4.4%						95.6%	
Vanguard Wholesale Property Securities Index Fund							100.0%	
<b>Geared Funds</b>								
Colonial First State Wholesale Geared Share Fund	4.8%				95.2%			
<b>Fixed Income</b>								
Aberdeen Standard Income-Focused Bond Fund	1.0%	99.0%						
Janus Henderson Tactical Income Trust	15.1%	82.9%	2.0%					
Perpetual Wholesale Diversified Income Fund	9.8%	73.3%	16.9%					
Schroder Fixed Income Wholesale Class	8.5%	93.3%	-1.8%					
Vanguard Australian Fixed Interest Index Fund		100.0%						
Vanguard International Fixed Interest Index Fund (Hedged)		1.1%	98.9%					

# LONG TERM RETURN OBJECTIVES

The following table indicates the choices currently available through the Trustee's investment strategy, the asset ranges within investment options, long term expected returns and the likelihood of negative returns over a 20 year period:

Categories	Maximum Asset Ranges		Long-term Return Objective over 7+ years	Estimated Number of Negative Returns over a 20-year period	Risk Label
	Growth	Defensive			
<b>Diversified Funds</b>					
Capital Stable	35%	80%	CPI + 3.5%	1 to 2	Low to medium
Balanced	75%	50%	CPI + 5.5%	2 to 3	Medium
Growth	95%	25%	CPI + 6.5%	3 to 4	Medium to high
High Growth / Ultra Growth	100%	5%	CPI + 8.5%	6 or greater	Very high
<b>Asset Sector Funds</b>					
Australian Shares	100%	10%	CPI + 7.5%	4 to 6	High
International Shares	100%	10%	CPI + 7.0%	4 to 6	High
Australian Smaller Company Shares	100%	10%	CPI + 8.5%	6 or greater	Very high
Emerging Markets	100%	10%	CPI + 10.0%	6 or greater	Very high
Listed Property Securities	100%	10%	CPI + 6.5%	3 to 4	Medium to high
<b>Specialist Funds</b>					
Cash or Capital Safe	-	100%	CPI + 1.0%	1	Very low
Geared Shares	100%	10%	CPI + 10.5%	6 or greater	Very high
Technology	100%	10%	CPI + 10.5%	6 or greater	Very high
Debt / Income / Mortgage Securities	-	100%	CPI + 4.5%	2 to 3	Medium
Resources	100%	10%	CPI + 8.0%	4 to 6	High
India / China	100%	25%	CPI + 10.5%	6 or greater	Very high

# INVESTMENT MANAGERS

The investment managers appointed, as at 30 June 2020, for the Fiducian Collection and the Fiducian Funds were:

- Aberdeen Asset Management Limited
- AMP Capital Investors Ltd
- Ausbil Investment Management Ltd
- Australian Unity Funds Management Ltd
- Bennelong Australian Equity Partners Pty Ltd
- BlackRock Asset Management Australia Ltd
- Colonial First State Investment Managers (Australia) Ltd
- DFA Australia Ltd
- FIL Ltd
- Fidante Partners Limited
- Fiducian Investment Management Services Limited
- Franklin Templeton Investments Australia Limited
- Investors Mutual Limited
- L1 Capital Pty Ltd
- Legg Mason Asset Management Australia Ltd
- Maple-Brown Abbott Limited
- NovaPort Capital Pty Limited
- OnePath Funds Management Ltd
- Ophir Asset Management Pty Ltd
- Pareto Australia Pty Ltd
- Pandal Group Ltd
- Perpetual Investment Management Ltd
- Phoenix Portfolios Pty Ltd
- Platinum Asset Management Ltd
- Premium China Funds Management Pty Ltd
- Principal Global Investors (Australia) Ltd
- QVG Capital Pty Ltd
- Sandhurst Trustees Limited
- SBI Funds Management Private Limited
- Schroder Investment Management (Australia) Limited
- SG Hiscock & Company Limited
- Solaris Investment Management Limited
- State Street Global Advisors, Australia, Ltd
- Sundaram Asset Management Company Ltd
- Tata Asset Management Ltd
- UBS Global Asset Management (Australia) Ltd
- Vanguard Investments Australia Ltd
- Wellington Management Company, LLP

# FIDUCIAN PORTFOLIOS

The shares held in the four Fiducian Portfolios at 30 June 2020 were:

## IMPUTATION PORTFOLIO

- Ampol Ltd
- Altium Ltd
- Aristocrat Leisure Ltd
- Challenger Ltd
- Commonwealth Bank of Australia
- Downer EDI Ltd
- Harvey Norman Holdings Ltd
- IOOF Ltd
- Medibank Private Ltd
- Pandal Group Ltd
- Qantas Airways
- Suncorp Group Ltd
- Westpac Banking Corporation
- Woodside Petroleum Ltd

## GROWTH PORTFOLIO

- The A2 Milk Company Ltd
- AfterPay Ltd
- Altium Ltd
- Carsales.Com Ltd
- CSL Ltd
- Domino's Pizza Enterprises Ltd
- Macquarie Group Ltd
- Ramsay Health Care Ltd
- REA Group Ltd
- Rio Tinto Ltd
- Seek Ltd
- Westpac Banking Corporation
- WiseTech Global Ltd
- Worley Ltd

## PROPERTY SECURITIES PORTFOLIO

- Charter Hall Group
- Goodman Group
- Lend Lease Group
- Mirvac Group
- Scentre Group
- Stockland
- Sydney Airport
- Unibail-Rodamco-Westfield



## EMERGING LEADERS PORTFOLIO

- Appen Ltd
- Compumedic Ltd
- Dicker Data Ltd
- Integrated Research Ltd
- IPH Ltd
- Jumbo Interactive Ltd
- Opticomm Ltd
- Nearmap Ltd
- Pwr Holdings Ltd
- Seven Group Holdings Ltd
- Volpara Health Technologies Ltd
- Westgold Resources Ltd
- Whispir Ltd
- ZIP Co Ltd

## STATEMENT OF FUND POLICY ON THE USE OF DERIVATIVE SECURITIES

The Fund does not currently use derivative securities.

In future, if it is decided to use such products, the Trustee will be required to modify the Risk Management Statement (RMS). Any such approved RMS must specify procedures for approval of actions and include detailed responsibilities and authorities as well as reporting and review procedures.

## FIDUCIAN SUPERANNUATION SERVICE INCOME STATEMENT

For the year ended 30 June 2020

	2020	2019
	\$000	\$000
<b>Superannuation Activities</b>		
Interest income	141	358
Trust distributions	59,452	50,789
Dividend income	644	898
Net Changes in assets measured at fair value	(66,949)	28,041
<b>Total Income from Superannuation activities</b>	<b>(6,712)</b>	<b>80,086</b>
<b>General administration expenses</b>		
Administration and other service provider expenses	(22,227)	(21,545)
<b>Total expenses</b>	<b>(22,227)</b>	<b>(21,545)</b>
<b>Results from superannuation activities before Income tax</b>	<b>(28,939)</b>	<b>58,541</b>
Income tax benefit/(expense)	9,161	1,571
<b>Results from superannuation activities after Income tax</b>	<b>(19,778)</b>	<b>60,112</b>
Net benefits allocated to defined contribution members	19,778	(60,112)
<b>Operating result after income tax</b>	<b>-</b>	<b>-</b>

### Notes:

1. The financial information shown above has been extracted from the audited financial statements of the Fund.
2. The audited financial statements of Fiducian Superannuation Service for the year ended 30 June 2020 are available on request.

# FINANCIAL ACCOUNTS

(CONT)

## FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	2020	2019
	\$000	\$000
<b>Assets</b>		
Cash and cash equivalents	66,622	54,172
Distributions receivable	48,480	39,314
Income tax receivable	-	2,720
Outstanding settlements	2,090	1,698
Financial Assets at fair value through profit and loss	1,404,862	1,356,282
<b>Total assets</b>	<b>1,522,054</b>	<b>1,454,186</b>
<b>Liabilities</b>		
Administration and other service provider fees	2,273	1,906
Other accounts payable	53	58
Income tax payable	465	-
Deferred tax liability	5,949	10,359
<b>Total liabilities excluding member benefits</b>	<b>8,740</b>	<b>12,323</b>
<b>Net assets available to pay member benefits</b>	<b>1,513,314</b>	<b>1,441,863</b>
<b>Member Benefits</b>		
Allocated to members	1,507,120	1,435,158
<b>Total member benefits</b>	<b>1,507,120</b>	<b>1,435,158</b>
<b>Net Assets</b>	<b>6,194</b>	<b>6,705</b>
<b>Equity</b>		
Reserves	6,194	6,705
<b>Total Equity</b>	<b>6,194</b>	<b>6,705</b>

### Notes:

1. The financial information shown above has been extracted from the audited financial statements of the Fund.
2. The audited financial statements of Fiducian Superannuation Service for the year ended 30 June 2020 are available on request.

## FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CHANGES IN MEMBER BENEFITS

For the year ended 30 June 2020

	2020	2019
	\$000	\$000
<b>Opening balance of member benefits</b>	<b>1,435,158</b>	<b>1,340,539</b>
Contributions received:		
Employer	16,010	14,757
Members	46,673	32,098
Transfers from other funds	154,343	102,488
Government co-contributions	37	42
Income Tax on contributions	(4,500)	(4,631)
<b>Net after tax contributions</b>	<b>212,563</b>	<b>144,754</b>
Benefits to members:		
Benefit Payments	(90,055)	(83,434)
Transfers to other funds	(30,262)	(26,067)
Net Insurance Premiums adjusted in members' accounts	(1,398)	(1,543)
Net Transfer (to)/from Reserves: Expense Reserve	892	797
Benefits allocated to members' accounts:		
Net Investment Income	(6,712)	80,086
Net Administration and other service provider expenses	(22,227)	(21,545)
Tax benefit/(expense)	9,161	1,571
	(140,601)	(50,135)
<b>Closing balance of member benefits</b>	<b>1,507,120</b>	<b>1,435,158</b>

### Notes:

1. The financial information shown above has been extracted from the audited financial statements of the Fund.
2. The audited financial statements of Fiducian Superannuation Service for the year ended 30 June 2020 are available on request.

# FINANCIAL ACCOUNTS

(CONT)

## FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Expense Reserve	Operational Risk Reserve	Total Equity
	\$000	\$000	\$000
<b>Balance as at 30 June 2018</b>	<b>1,384</b>	<b>5,524</b>	<b>6,908</b>
(Transfer to)/from members, payment to service providers and net earnings	(893)	690	(203)
<b>Balance as at 30 June 2019</b>	<b>491</b>	<b>6,214</b>	<b>6,705</b>
(Transfer to)/from members, payment to service providers and net earnings	(486)	(25)	(511)
<b>Balance as at 30 June 2020</b>	<b>5</b>	<b>6,189</b>	<b>6,194</b>

### Notes:

1. The financial information shown above has been extracted from the audited financial statements of the Fund.
2. The audited financial statements of Fiducian Superannuation Service for the year ended 30 June 2020 are available on request.

## FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	2020	2019
	\$000	\$000
<b>Cash flows from operating activities</b>		
Interest received	141	358
Trust distributions received	50,286	53,233
Dividends received	644	898
Other income received	460	68
Administration and other service provider fees paid	(23,475)	(23,092)
Income taxes received	9,673	8,250
<b>Net cash flows from operating activities</b>	<b>37,729</b>	<b>39,715</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of unit trusts	269,564	156,046
Proceeds from sale of shares in listed companies	11,009	6,057
Proceeds from sale of fixed interest securities	-	207
Units in unit trusts purchased	(386,571)	(228,734)
Fixed interest securities purchased	-	(325)
Shares in listed companies purchased	(9,912)	(5,053)
<b>Net cash flow from / (used in) investing activities</b>	<b>(115,910)</b>	<b>(71,802)</b>

# FINANCIAL ACCOUNTS

(CONT)

## FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CASH FLOWS (CONT)

For the year ended 30 June 2020

	2020	2019
	\$000	\$000
<b>Cash flows from financing activities</b>		
Contributions received:		
Employer	16,010	14,757
Members	46,673	32,098
Transfers from other funds	154,343	102,488
Government co-contributions	37	42
Contributions tax paid	(4,500)	(4,631)
Net Transfer (to)/from Reserve	381	594
Net Premiums on term insurance policies (received)/paid	(1,996)	(1,729)
Benefits paid	(120,317)	(109,505)
<b>Net cash flow from / (used in) financing activities</b>	<b>90,631</b>	<b>34,114</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,450</b>	<b>2,027</b>
Cash and cash equivalents at the beginning of the year	54,172	52,145
<b>Cash and cash equivalents at the end of the year</b>	<b>66,622</b>	<b>54,172</b>

### Notes:

1. The financial information shown above has been extracted from the audited financial statements of the Fund.
2. The audited financial statements of Fiducian Superannuation Service for the year ended 30 June 2020 are available on request.

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# STATUTORY INFORMATION

## TRUSTEE

Fiducian Portfolio Services Limited was appointed as the Trustee for the Fund under the provisions of the Trust Deed. Fiducian Portfolio Services Limited has been the Trustee since the commencement of the Fund on 16 January 1997 and has indemnity insurance for the protection of members.

Fiducian Portfolio Services Limited is a wholly owned subsidiary of Fiducian Group Limited. Fiducian was first listed on the Australian Stock Exchange on 12 September 2000.

## TRUSTEE BOARD AND COMMITTEES

### Fiducian Portfolio Services Limited – Record of Attendance at Trustee Board and Committee Meetings

Trustee Director or Committee Member Name	Trustee Board		Audit, Risk and Compliance Committee		Investment Committee		Remuneration and Nominations Committee	
	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend
Drew Vaughan	9	9	4	4	3	4	1	1
Brian Lacey*	3	3	-	-	-	-	-	-
S.G. Venkatramani	8	9	3	4	-	-	-	-
Ross Martin	9	9	-	-	4	4	-	-
Frank Khouri	9	9	4	4	-	-	1	1
Sam Hallab	9	9	-	-	-	-	-	-
Assyat David*	7	7	-	-	-	-	1	1
Mike Devlin	-	-	-	-	4	4	-	-
Jai Singh	-	-	-	-	4	4	-	-
Tony Breen	-	-	-	-	3	4	-	-

\* Brian Lacey retired, and Assyat David was appointed, as a Trustee Director on October 25, 2019.

# STATUTORY INFORMATION (CONT)

## TRUST DEED

A copy of the Trust Deed is available on the Fiducian website at:

[https://www.fiducian.com.au/files/corporate\\_docs/Fiducian\\_Superannuation\\_Service\\_Trust\\_Deed.pdf](https://www.fiducian.com.au/files/corporate_docs/Fiducian_Superannuation_Service_Trust_Deed.pdf)

## HOW YOUR MEMBER ACCOUNT WORKS

Your Member Account reflects accumulated contributions and net earnings, less taxes, pension payments and withdrawals, and any insurance premiums paid.

Net earnings are your share of the net earnings of the investments in which you invested. These net earnings are calculated as:

### Income/Gains

- Investment income (after investment managers' fees and transaction costs)
- Realised capital gains
- Unrealised capital gains

### Less Outgoings/Losses

- Management fees and charges
- Realised capital losses
- Unrealised capital losses
- Taxes and duties (where applicable)

## INVESTMENT OBJECTIVES

The investment objective of the Fund is to provide members with a diversified range of investment options to enable members to maximise their superannuation and retirement planning needs. The Fund has been established solely for the purpose of:

- (a) paying benefits to members on or after retirement from gainful employment and when a prescribed event has occurred;
- (b) paying benefits to members when they have reached the prescribed age; or
- (c) paying benefits on the member's death to the member's dependents or legal representative.

## INVESTMENT STRATEGY

In support of the investment objectives, the Trustee has implemented an investment strategy that has regard to, amongst other things:

- (a) the risk involved in making, holding and realising, and the likely return from the investments;
- (b) offering a range of investments from which Fund members may implement an investment strategy or strategies and minimise investment risk through a diversified investment choice;
- (c) the liquidity of investments offered as part of a diversified investment strategy;
- (d) the reliability of valuation information for investment options; and
- (e) associated liabilities, costs and taxation.

The investment strategy has been formulated by the Trustee on the basis that Fund members are offered a range of investment options and are able to give directions to the Trustee on their choice of investment in a particular asset or class of assets offered through the Fund.

The Trustee has considered investment opportunities to allow diversification across investment funds, investment styles and investment managers. In approving each investment option as part of the Fund investment strategy, the Trustee has put in place procedures for the research, recommendation and approval of all investment options offered. While the Trustee will determine the types of investment opportunities and asset classes available through the Fund, it does not direct investment managers in the selection of underlying investments. Rather, the Trustee approves investment options offered through the Fund on the basis of a proper selection process.

# STATUTORY INFORMATION (CONT)

## EXPENSE RESERVE AND EXPENSE RECOVERY FEE

The Trustee is entitled to be reimbursed for expenses properly incurred in the operation of the Fund. For this reason, the Trustee has established an Expense Reserve within the Fund for payment of the operational expenses of the Fund.

The Expense Reserve is built up from Fund income (if and when allocated) and taxation benefits, which are generated from the design of the Fund and that have been allocated by the Trustee to the Expense Reserve. The funding of the Expense Reserve is not an additional charge to your account.

The difference between the amounts withheld from your account for payment of tax, provision for tax and the actual tax payable are credited to the Expense Reserve.

The actual amount of tax paid in the Fund is generally less than the 15% that is withheld for tax because of the benefit of tax deductions as well as capital gains discounts and franking credits that reduce the Trustee's effective rate of tax.

The Trustee estimates that operational expenses may be up to 0.45% of the assets of the Fund.

Under the administration agreement between the Trustee and the Administrator, the Administrator is entitled to charge an Expense Recovery Fee from the Fund for expenses incurred in the operation of the Fund. The Expense Recovery Fee is calculated as a percentage of the average monthly value of the assets of the Fund and paid out of the Expense Reserve. As the Expense Recovery Fee is paid from the Expense Reserve, it is not an additional charge to your account. This arrangement could change pursuant to any amendment to the administration agreement. The Expense Reserve is managed by the Trustee and invested in cash or similar type assets.

## OPERATIONAL RISK FINANCIAL REQUIREMENT (ORFR)

As required by APRA, the Trustee is required to establish and maintain a financial reserve to address the risk of loss resulting from inadequate or failed internal process, people and systems, or from external events. APRA Prudential Standards require the Trustee to set a Target Amount that reflects the scale of possible losses having regard to its risk management framework, risk appetite, risk mitigation and controls.

The Operational Risk Reserve (ORR) is a reserve held within the Fund for your benefit and the Target Amount has been built up gradually over 3 years from your ORFR contributions. The ORFR contribution may change from time to time (depending on the size of the Fund, the Operational Risk Reserve and other factors). The ORFR contribution, currently 0.083% capped at \$300 per 6 monthly instalment with a maximum of 6 instalments from an account, has been temporarily suspended. You will be informed if there are any changes in the ORFR contribution. The ORR is managed by the Trustee and invested in a Balanced portfolio or similar type assets.

The Reserve levels for the 2020 financial year and preceding years are shown below:

		Expense Reserve	ORR	Total
30 June '12	Bal.	-	-	-
	Mov.	\$3,521,526	-	\$3,521,526
30 June '13	Bal.	\$3,521,526	-	\$3,521,526
	Mov.	-\$503,818	\$778,488	\$274,670
30 June '14	Bal.	\$3,017,708	\$778,488	\$3,796,196
	Mov.	-\$616,708	\$1,104,512	\$487,804
30 June '15	Bal.	\$2,401,000	\$1,883,000	\$4,284,000
	Mov.	-\$1,072,638	\$1,837,918	\$765,280
30 June '16	Bal.	\$1,328,362	\$3,720,918	\$5,049,280
	Mov.	\$52,499	\$651,064	\$703,563
30 June '17	Bal.	\$1,380,861	\$4,371,982	\$5,752,843
	Mov.	\$2,887	\$1,151,547	\$1,154,434
30 June '18	Bal.	\$1,383,748	\$5,523,529	\$6,907,277
	Mov.	-\$892,305	\$690,198	-\$202,107
30 June '19	Bal.	\$491,443	\$6,213,727	\$6,705,170
	Mov.	-\$486,497	-\$25,198	-\$511,695
30 June '20	Bal.	\$4,946	\$6,188,529	\$6,193,475

# STATUTORY INFORMATION (CONT)

## FUND WEBSITE DETAILS

The Fund is required to make available online product disclosure documents for the Fund together with specified information regarding Trustee Director details and Fund governance. This information is available at <https://www.fiducian.com.au/superannuation/>.

## INDEMNITY INSURANCE

The Trustee is indemnified by a policy of insurance which protects the Fund in the event of claim.

## TRANSFER OF ACCOUNT

By law, FSS must transfer lost member super accounts that have a balance below \$6,000, or have been inactive for 12 months, to the Australian Taxation Office (ATO). New legislation also means that we may have to transfer accounts that have received no payments for 16 months in a row and have a balance below \$6,000 even if that member is not 'lost'. We will write to you explaining your options before that happens. There are other circumstances where an account may be transferred. To find out more, visit [www.ato.gov.au](http://www.ato.gov.au).



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INTEGRITY • TRUST • EXPERTISE