

FIDUCIAN SUPERANNUATION SERVICE

Registration Number: R1004298

Annual Report **2018**



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

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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 2018.

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, 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 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 2018:

		Fiducian Growth Fund	Fiducian Balanced Fund
1 year to 30 June 2018	Return	13.2% pa.	11.6% pa.
	Ranking*	2 out of 177	7 out of 177
3 years to 30 June 2018	Return	9.8% pa.	8.8% pa.
	Ranking*	1 out of 168	6 out of 168
5 years to 30 June 2018	Return	11.5% pa.	10.3% pa.
	Ranking*	1 out of 163	6 out of 163

* Morningstar

While past performance in investment markets is no guarantee of future success, we believe that these excellent 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 <http://www.fiducian.com.au/Content/SuperannuationService.aspx>.

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

The global economy has slowed slightly in recent months, but continues to expand at a faster rate than the long-term trend. In its latest report (October), the International Monetary Fund (IMF) has scaled back its forecast for global growth from 3.9% this year and next to 3.7% for both years. This would be the same rate of growth achieved in 2017. As the IMF notes, 'the steady expansion under way since mid-2016 continues...at the same time, however, the expansion has become less balanced and may have peaked in some major economies'. Furthermore, 'the balance of risks to the global growth forecast is tilted to the downside, both in the short term and beyond'.

For the developed world, 'marked slowdowns in working-age population growth and lacklustre productivity advances will hold back gains in medium-term potential output'. On the positive side, the IMF concedes that 'the recovery has helped lift employment and income, strengthened balance sheets, and provided an opportunity to rebuild buffers'. However, concerns remain that 'tighter financial conditions in advanced economies could cause disruptive portfolio adjustments, sharp exchange rate movements, and further reductions in capital inflows to emerging markets'. In fact, all of these effects have already been felt (including a relatively severe 'correction' in global share markets in October) following monetary tightening in the US in particular, where the central bank (the 'Fed') has been steadily lifting official interest rates for some time. The 'Fed' is also engaged in 'quantitative tightening', or withdrawing liquidity from the financial system by selling some of its holdings of financial assets (currently at a rate of \$50 billion per month). While monetary policy has been tightening in the US, policy remains expansive in Europe and Japan, where growth has been less robust. Even in these jurisdictions, however, monetary policy is likely to tighten further over coming months. Growth is forecast to remain robust for much of the developing world, with the IMF forecasting growth of 4.7% for both 2018 and 2019, led by strong growth for both China and India.

In the case of the US, this year has seen a further lift in economic growth. After a solid performance in 2017, the economy experienced annualised growth of 4.2% in the June quarter and 3.5% in the September quarter. Household spending has picked up but so too has private investment, a pre-requisite for sustainable long-term growth. Key policy changes introduced by the Trump Administration, including an historically large cut in the federal corporate tax rate (from 25% to 20%), increased deductibility of private investment, a massive reduction in government regulation and income tax cuts have led to strong growth in corporate earnings and rising confidence for both businesses and individuals. Whether strong earnings growth can be sustained without leading to higher rates of inflation is yet to be determined. However, so far, despite the lowest national unemployment rate in around 50 years and despite upward pressure on wages, inflation data remains low. Certainly, the 'Fed', has been concerned about the potential for inflation to rise and has been steadily lifting interest rates and even introducing 'quantitative tightening' to head off any latent inflationary pressures. It appears that the 'Fed' intends to continue to slowly lift interest rates back towards what it deems as being a sustainable long-term interest rate (known as the 'neutral' rate).

In the European context, monetary policy remains much more expansionary than in the US. However, even there, the European Central Bank (ECB) has begun to slow its use of 'quantitative easing' ('QE') and appears set to end it altogether by the end of this year. With economic growth much lower than in the US at present, the ECB is likely to continue to hold interest rates at around zero per cent well into 2019, although its inflation target of at least 2% has already been reached (most recently the rate was 2.1% for the year to 30 September).

In Asia, growth has generally been robust and this is likely to remain the case for the foreseeable future, with growth for developing Asia forecast to be 6.5% in 2018 and 6.3% in 2019 (IMF data), led by continuing strong expansion in both China and India. Japan (the world's third largest economy), continues to struggle to regain its vitality of previous years, with forecast growth of only 1% for both 2018 and 2019, despite maintaining a very expansionary monetary program, including zero per cent interest rates and strong 'QE'.

ECONOMIC OVERVIEW

(CONT)

AUSTRALIAN ECONOMY

The Australian economy performed reasonably well overall during the 2017-18 financial year, with GDP up 3.4% for the year. Effectively, household consumption contributed a significant part of this growth (2.7%), while private capital formation (investment) also contributed strongly (1.3%). On the other hand, net exports (exports less imports) detracted from growth (-0.7%). Household spending though was sustained to a degree by households dipping into savings, with the household saving ratio (saving as a percentage of disposable income) falling to 1.0%, well down from its peak of around 10% in 2008. Wages growth though has been anaemic and thus unable to act as a spending catalyst, as average hourly earnings growth only just matched inflation over the year to June. The economy though did receive some help from a lift in the terms of trade (the ratio of our export prices to our import prices), which rose 2% for the year, with strongly rising coal prices (up over 50% in \$A terms over the period) providing the main impetus for this. In total, primary exports, including minerals and fuels, other primary exports and food, now account for over 60% of total exports with over 30% of all exports going to China and over 70% to Asian destinations (2017 data). While the mining sector has been performing well, other sectors have been affected by increasing strains on the country's international competitiveness, including one of the highest corporate tax rates in the world, one of the highest minimum wage rates and apparently, the highest electricity prices in the world. Overall, though, (non-financial) corporate profits have been growing strongly, rising by a hefty 9.7%, over the year, underpinning economic growth and supporting the stock market. On the other hand, the housing market has weakened considerably this year, particularly in Sydney and Melbourne and banks may have to marginally relax lending standards over coming months to stabilise this sector.

FINANCIAL MARKETS OVERVIEW

AUSTRALIAN SHARES

The first half of the 2017-18 financial year saw the Australian share market rise 13% (ASX200 Accumulation index), with this period coinciding with part of the global bull market in shares that followed the election of President Trump in the US. The 6 months to end-June this year saw a more modest 4% market rise and increased volatility, while recent months have seen even higher volatility. Slower share market growth is to be expected in an environment of tightening liquidity and rising interest rates globally. Over the financial year, the Resources sector was the best performer (up 41%), with listed property also doing well (up 13%), while the Industrials sector lagged (up 8%) and the Financials sector barely moved (up 2%). The out-performance of Resources was its third in a row following five successive years of being out of favour. Banking stocks were hard hit by negative media attention resulting from a Royal Commission into the sector, which began hearings in March this year. This sector could also be affected by a deteriorating housing market, if this is not soon stabilised. Despite this, however, household finances remain in good condition, with total household interest payments historically low as a proportion of household disposable income. By 31 October, the overall share market appeared attractively priced, with an estimated price-to-earnings ratio (PER) of 14.5 times trailing earnings (below its long-term average) and an average dividend yield of 4.4% (above its long-term average) (RBA data).

INTERNATIONAL SHARES

International share markets were mostly strongly positive in 2017 but this strength has largely dissipated this year. Over the period from the start of the year to 8 November, European share markets were weak, with the UK, French and German markets down respectively by 7%, 3% and 11%. Key Asian markets were also soft, with Japan down 1%, China down 20% and India up only 3%.

FINANCIAL MARKETS

OVERVIEW (CONT)

US markets performed better, with the broad market (the S&P500) up 5% and the technology-laden Nasdaq index up a solid 9%, although even these markets were down from their peaks. One of the key factors keeping markets weaker this year has been a perceived tightening in monetary policy in key jurisdictions, notably the US, where the 'Fed' has been steadily raising interest rates and engaging in 'quantitative tightening' rather than 'quantitative easing'. In Europe too, despite a still soft economic environment, monetary policy has become less expansionary, with 'QE' set to end before the start of 2019.

On the other hand, weaker markets have improved market valuations, particularly as earnings growth mostly remains relatively strong. Forecasts point to global corporate earnings growth of 16% this year and 9% in 2019, with US earnings forecast to grow by 24% and 10% respectively in these years and European earnings expected to be up by 9% in each year (Yardeni Research, as at 7 November). In terms of valuations, by end-October, the price-to-earnings ratio (PER) for the major world markets as a whole (represented by the MSCI World index) was around 14 times estimated forward earnings, somewhat below its longer-term average of around 15 times earnings. Assuming that earnings growth can match forward projections, in general terms most major share markets were still looking fairly priced, relative to historical norms and relative to other investment opportunities, such as bonds.

PROPERTY

The domestic listed property sector performed in line with the overall domestic share market over the 2017-18 financial year (up 13%) but it lagged the Resources sector, which out-performed over the period. More recently, from 30 June to 31 October 2018, performance was negative (down 1%) but not as negative as the broader market. The sector has appeared to be fully valued for some time but it does continue to offer investors a solid yield (dividend return). The listed property sector, which includes exposure to commercial (office) property, retail shopping centres and industrial property, has changed in structure in recent years and is now more robustly structured than it was, with lower gearing ratios and more stable earnings streams. The sector could be expected to benefit from any recovery in retail spending and from any tightening in vacancy rates for high quality office accommodation.

By 30 September, the sector's PER was over 16 times forward earnings and it offered an earnings yield (2018-19 earnings) of around 6%, although few securities were still trading at discounts to net asset value.

AUSTRALIAN BONDS

For the year ended 30 June 2018, Australian bonds (Bloomberg Composite Bond All Maturities index) returned 3.1% to investors. This was well below the 13% index return experienced by investors in the domestic share market but it was a little above the index return provided by international bonds over the same period. The sector has been attractive to those seeking supposedly 'safe' havens but the sector has under-performed since the advent of economic recovery in recent years and since investors' appetites for the share market improved. The sector has struggled over the past two years in an environment of growing expectation that the general level of interest rates could rise as major central banks around the world begin to tighten monetary policy (even if only very slowly). While risks of 'a low growth world' remain in some jurisdictions and while some central banks continue to target very low bond yields (notably the European Central Bank and the Bank of Japan), the general outlook has strengthened over the past two years or so. Stronger global growth implies less need for very low official interest rates and reduces the attraction of bond markets in general. As such, there appears to be little current attraction in the domestic bond market as the sector appears expensive relative to historical norms and relative to other investment options, including the share market. However, any slowdown in domestic growth could lift the sector's near-term attractiveness.

INTERNATIONAL BONDS

International bonds as a sector under-performed over the 2017-18 financial year, returning 1.9% (Barclays Capital Global Aggregate index, hedged to the \$A), this being the second year in a row of soft performance, although the year before that saw strong growth of over 9%. Overall, the sector has tended to lag most equity markets in recent years and the sector continues to appear expensive relative to shares.

FINANCIAL MARKETS OVERVIEW (CONT)

There also remains some potential for a further shift by investors from bonds into supposedly 'riskier' share and property markets, assuming that economic recovery is sustained in the major advanced economies, with investor confidence holding up. In other words, the broad trajectory for bond yields could be up (with prices falling) over the medium-term, assuming that the global economy avoids any severe slowdown. The potential for central banks in Europe and Japan to follow the US lead in time and cease their purchases of both government bonds and asset-backed securities (ending their 'QE' programs) could also eventually reduce the attraction of bond markets for investors and lead to low or even negative returns in this sector for a time.

SUPERANNUATION NEWS 2017/2018

There were a number of superannuation developments during the 2017/18 financial year, following on from the 2017 Federal Budget.

DOWNSIZING CONTRIBUTIONS TO SUPER

From 1 July 2018, eligible Australians aged over 65 will be able to pay up to \$300,000 each into their super funds from the proceeds of downsizing their family home. The Federal Government introduced this as a measure to improve housing affordability.

According to the Australian Taxation Office, "Your downsizer contribution is not a non-concessional contribution and will not count towards your contributions caps. The downsizer contribution can still be made even if you have a total super balance greater than \$1.6 million."

While the proposal was announced in the May 2017 Budget, it was introduced to Federal Parliament in September 2017, and then passed both houses on 7 December 2017.

FIRST HOME SAVER SCHEME

From 1 July 2018, eligible first home buyers will be able to apply to withdraw their extra (non-mandated) super contributions made since 1 July 2017 to use as a deposit for their home. These withdrawals apply to before-tax (concessional) and after-tax (non-concessional) contributions, and can only be made by people aged over 18.

"You can apply for the release of voluntary contributions up to a maximum of \$15,000 from any one financial year and \$30,000 in total across all years," the ATO said.

This law was passed in tandem with the downsizing legislation in December 2017.

CATCH-UP SUPER CONTRIBUTIONS

Another change commencing 1 July 2018 allows catch-up super contributions for eligible people who haven't used all of their concessional contributions caps. It was first announced in September 2016, and will enable anyone with less than \$500,000 in super to access their unused cap space on a rolling five-year basis.

SUPERANNUATION NEWS

2017/2018 (CONT)

“Only unused amounts accrued from 1 July 2018 can be carried forward,” the ATO said, which means people will be able to make these catch-up contributions from July 2019.

OTHER MATTERS

There have been several other super changes that have come into effect for the 2017-18 financial year. Briefly, these include:

- A blanket \$25,000 cap for concessional contributions for everybody, after it reduced from a \$35,000 cap for people aged over 49 and \$30,000 for others. This cap includes employee’s salary sacrifice and employer’s super contributions.
- Lower caps for after-tax (non-concessional) contributions of \$100,000 a year, previously \$180,000 a year, although three years of contributions can still be brought forward, where eligibility criteria are met.
- Higher taxes on super for high-income earners, with anyone earning more than \$250,000 a year to pay 30% tax on their concessional contributions to super. 15% is applied through the Fund at the time of contribution and 15% is applied by the ATO. This income threshold was \$300,000 before 1 July 2017.
- More people able to claim tax-deductible superannuation contributions with the removal of 10% rule.
- A better opportunity to benefit from putting money into a spouse’s super account, with the spouse tax offset of up to \$540 being made available for people whose spouses earn up to \$40,000 a year and meet the eligibility criteria.
- A \$1.6 million cap on the amount of money individuals can hold in a tax-free account-based pension. This amount was previously uncapped and allowed some people to save millions in super tax-free.
- Transition to retirement pensions losing some of their tax benefits, with earnings on super held in these products losing their tax-free status and now being taxed at 15% like accumulating super.

KEY BUDGET 2018 PROPOSALS

On the evening of May 8, Treasurer Scott Morrison delivered his third Federal Budget. Whilst there were no major changes to superannuation legislation, a number of items were flagged for change, these included:

- Work test flexibility
- SMSF membership increase
- SMSF audit reform
- SG opt-out for high income earners
- Life insurance in super changes
- Protection of small balances

WORK TEST FLEXIBILITY

Currently, those aged 65 to 74 are required to meet the work test in order to make voluntary contributions to super. The work test requires the client to work at least 40 hours in a 30-consecutive day period in the year of contribution.

It is proposed that, from July 1, 2019, 65 to 74-year old clients with superannuation balances of less than \$300,000 will be allowed to make voluntary contributions to super in the first year they fail to meet the work test.

STATUS - PROPOSAL

Opposition and minor parties’ positions - None noted to date. This measure will only require a change to regulations.

INCREASE IN SMSF MEMBERSHIP

The maximum number of members permitted in a Self Managed Super Fund (SMSF) or a Small APRA fund is proposed to be increased from four to six from July 1, 2019.

STATUS - PROPOSAL

Opposition and minor parties’ positions - None noted to date.

SUPERANNUATION NEWS 2017/2018 (CONT)

THREE-YEAR AUDIT PERIODS FOR SMSFS

A three-year audit period is proposed for SMSFs with a good history of record keeping and compliance from July 1, 2019. To have the required audit period increased from one to three years the SMSF will need to have three years' worth of clean audit reports.

STATUS - PROPOSAL

Opposition and minor parties' positions - None noted to date.

OPTING OUT OF SG FOR HIGH INCOME EARNERS

Clients with more than one employer and income over \$263,157 are proposed to be able to opt out of receiving Superannuation Guarantee (SG) payments from certain employers from July 1, 2019.

STATUS - A BILL HAS PASSED THE HOUSE OF REPRESENTATIVES

Opposition and minor parties' positions - None noted to date.

LIFE INSURANCE IN SUPER CHANGES

Insurance in superannuation is proposed to be only available on an opt-in basis for members under the age of 25, those with an account balance of less than \$6000 and those who have not made a contribution in the previous 13 months from July 1, 2019.

Clients in these circumstances who currently have insurance in a super account will have 14 months after the law commences to opt-in to that existing insurance.

STATUS - A BILL HAS PASSED THE HOUSE OF REPRESENTATIVES

Opposition and minor parties' positions - None noted to date.

PROTECTION FOR LOW SUPER BALANCES

A limit on the annual fees that can be charged on superannuation accounts of less than \$6000 has been proposed from July 1, 2019. Passive fees will be capped at 3% per annum and inactive accounts with balances below \$6000 are to be transferred to the ATO.

STATUS - A BILL HAS PASSED THE HOUSE OF REPRESENTATIVES

Opposition and minor parties' positions - None noted to date.

INVESTMENTS AND INVESTMENT RETURNS

As at 30 June 2018, the following investments have a value in excess of 5% of the total assets of the Fund:

Funds	% of Fund
Fiducian Aust. Smaller Co Shares Fund	5.9%
Fiducian Australian Shares Fund	11.2%
Fiducian Balanced Fund	15.3%
Fiducian Capital Safe Fund	6.8%
Fiducian Capital Stable Fund	12.4%
Fiducian Growth Fund	6.3%
Fiducian Ultra Growth Fund	10.3%
Fiducian International Shares Fund	8.6%

INVESTMENTS AND INVESTMENT RETURNS

(CONT)

FIDUCIAN FUNDS

Fiducian Funds were first offered on 16 January 1997.

Fiducian Funds	Year to 30/06/14	Year to 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Compound Return p.a.
Fiducian Capital Safe Fund	2.9%	2.4%	1.9%	2.0%	1.7%	2.2%
Fiducian Capital Stable Fund	8.2%	7.5%	4.2%	4.7%	6.0%	6.1%
Fiducian Balanced Fund	13.7%	11.8%	4.9%	9.9%	11.6%	10.3%
Fiducian Growth Fund	15.3%	13.2%	5.1%	11.3%	13.2%	11.5%
Fiducian Australian Shares Fund	17.6%	7.3%	5.3%	15.0%	15.8%	12.1%
Fiducian Aust. Smaller Co Shares Fund	28.3%	9.7%	14.2%	5.3%	18.1%	14.9%
Fiducian International Shares Fund	18.7%	24.4%	-1.5%	17.6%	15.1%	14.5%
Fiducian Geared Australian Shares Fund	24.3%	10.2%	-3.4%	21.2%	20.1%	14.0%
Fiducian Global Smaller Company & Emerging Markets Fund ¹	16.2%	20.5%	-3.7%	17.4%	11.6%	12.1%
Fiducian India Fund ¹	43.0%	41.0%	2.4%	23.8%	1.9%	21.1%
Fiducian Property Securities Fund	11.7%	18.9%	22.9%	-2.2%	12.9%	12.5%
Fiducian Technology Fund ¹	28.6%	41.2%	1.1%	32.4%	18.5%	23.6%
Fiducian Ultra Growth Fund ¹	21.4%	17.0%	6.9%	10.9%	14.9%	14.1%
Fiducian Diversified Social Aspirations Fund				10.9%	12.0%	11.4%

¹ 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 30/06/14	Year to 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Compound Return p.a.
Imputation Portfolio	21.9%	8.7%	3.0%	12.1%	8.4%	10.6%
Emerging Leaders Portfolio	5.4%	0.4%	21.4%	35.8%	31.7%	18.1%
Growth Portfolio	6.0%	7.8%	7.6%	25.2%	24.6%	13.9%
Property Securities Portfolio	16.7%	18.1%	22.2%	-1.8%	11.7%	13.1%

Notes to tables on pages 16-17:

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.

FIDUCIAN COLLECTION

Asset Name	Year to 30/06/14	Year to 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Compound Return p.a.
Capital Safe						
Aberdeen Standard Australian Floating Rate Income Fund	2.8%	2.1%	2.5%	2.4%	2.3%	2.4%
AMP Capital Managed Treasury Fund	2.8%	2.6%	2.3%	2.0%	1.8%	2.3%
UBS Cash Fund	2.6%	2.5%	2.1%	1.8%	1.7%	2.1%
UBS Cash Plus Fund	3.3%	2.9%	2.4%	2.5%	2.2%	2.7%
Capital Stable						
INVESCO Wholesale Protected Growth Fund	3.1%	4.0%	1.7%	8.4%	4.3%	4.3%
Macquarie Master Capital Stable Fund	7.6%	4.9%	1.2%	6.1%	4.7%	4.9%
Onepath Wholesale Capital Stable Trust	6.6%	4.2%	3.5%	1.8%	3.1%	3.8%
Pendal Conservative Outlook Fund	8.0%	7.9%	4.8%	2.7%	4.8%	5.6%
Balanced						
Colonial First State W'sale Diversified Fund	14.2%	8.9%	3.8%	7.1%	10.2%	8.8%
Legg Mason Diversified Trust	17.5%	11.7%	2.9%	12.8%	8.3%	10.5%
Macquarie Master Balanced Fund	12.5%	8.5%	2.1%	11.6%	8.9%	8.7%
Onepath Tax Effective Income Trust - Wholesale Class	11.0%	6.7%	4.2%	3.6%	7.4%	6.6%
Pendal Balanced Returns Fund	11.6%	10.6%	2.9%	6.6%	8.6%	8.0%
Schroder Balanced Fund Wholesale Class	13.0%	7.8%	0.3%	12.1%	7.4%	8.0%
Growth						
Aberdeen Standard Multi-Asset Real Return Fund	7.1%	8.8%	3.6%	11.1%	3.9%	6.9%
Onepath Wholesale Managed Growth Trust	12.6%	9.5%	1.6%	9.0%	8.3%	8.1%
Australian Shares						
AMP Capital Equity Fund	17.0%	7.1%	-1.3%	9.0%	13.6%	8.9%
Antares Professional High Growth Shares Fund	13.9%	8.4%	1.7%	17.1%	18.7%	11.8%
Ausbil Australian Active Equity Fund	20.7%	4.2%	1.2%	14.0%	16.3%	11.0%
Colonial First State Wholesale Australian Share Fund	18.6%	7.4%	3.9%	3.9%	23.0%	11.1%
Colonial First State Wholesale Imputation Fund	16.6%	6.0%	0.2%	7.3%	20.4%	9.9%
Hyperion Australian Growth Companies Fund	22.6%	5.9%	15.7%	5.4%	15.3%	12.8%
Investors Mutual Australian Shares Fund	14.0%	10.0%	5.1%	12.5%	5.2%	9.3%
Pendal Australian Share Fund	17.6%	8.5%	-2.2%	15.8%	14.8%	10.7%
Perpetual's W/S Industrial Fund	18.8%	7.6%	-1.6%	13.8%	5.9%	8.7%
Perpetual Wholesale Ethical SRI Fund	18.5%	10.4%	5.9%	13.9%	6.2%	10.8%
Sandhurst IML Industrial Share Fund	14.7%	11.5%	4.3%	13.9%	4.1%	9.6%
Schroder Wholesale Australian Equity Fund	16.1%	2.8%	-6.7%	20.1%	12.8%	8.6%
Niko AM-Tyndall Australian Share Wholesale Fund	17.6%	8.0%	-1.5%	23.4%	11.8%	11.5%
Vanguard Wholesale Australian Shares Index Fund	17.1%	5.4%	0.6%	13.7%	13.0%	9.8%
Australian Smaller Company Shares						
Investors Mutual Aust. Smaller Cos Fund	14.1%	18.6%	13.1%	13.7%	10.6%	14.0%
Pendal Smaller Companies Fund	16.6%	5.9%	15.0%	5.5%	25.1%	13.4%
International Shares						
Aberdeen Standard Actively Hedged International Equities Fund	16.5%	12.0%	-1.6%	12.1%	9.0%	9.4%
Aberdeen Standard Emerging Opportunities Fund	6.2%	13.0%	-1.6%	13.2%	-0.3%	5.9%
Arrowstreet Global Equity Fund (Hedged)	30.4%	15.1%	-2.2%	20.4%	12.0%	14.6%
AMP Capital Wholesale Global Equity - Growth Fund	18.9%	27.9%	-6.3%	19.9%	17.7%	15.0%
AMP Capital Wholesale Global Equity - Value Fund	23.6%	26.0%	-7.2%	15.7%	11.8%	13.3%

FIDUCIAN COLLECTION

(CONT)

Asset Name	Year to 30/06/14	Year to 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Compound Return p.a.
International Shares (cont)						
Colonial First State W'sale Global Resources Fund	26.3%	-15.1%	-1.3%	3.9%	21.1%	5.9%
Magellan Global Fund	11.7%	29.5%	-0.1%	15.4%	16.9%	14.3%
Magellan Infrastructure Fund	22.0%	12.3%	17.8%	8.6%	6.9%	13.4%
Pendal Asian Share Fund	8.0%	28.2%	-5.4%	15.3%	1.2%	8.9%
Pendal International Share Fund	20.2%	25.8%	-2.9%	16.0%	14.0%	14.2%
Platinum Asia Fund	17.4%	29.9%	-10.3%	19.7%	16.5%	13.8%
Platinum International Fund	17.3%	20.2%	-6.3%	21.4%	14.2%	12.9%
PM Capital Global Companies Fund	12.5%	38.7%	-17.7%	34.7%	14.0%	14.6%
Premium China Fund	10.9%	57.5%	-29.8%	29.9%	14.5%	12.8%
Templeton Global Equity Fund	23.3%	17.5%	-11.2%	19.9%	10.7%	11.3%
Vanguard Wholesale International Shares Index Fund	20.6%	25.2%	0.7%	14.7%	15.4%	15.0%
Vanguard Wholesale International Shares Index Fund (Hedged)	24.7%	11.0%	-1.3%	20.6%	11.4%	12.9%
Property Securities						
APN Property for Income Fund No. 2	11.6%	18.4%	23.6%	-3.0%	11.0%	11.9%
Ironbark Paladin Property Securities Fund	10.3%	18.3%	24.1%	-4.6%	16.0%	12.4%
Legg Mason Martin Currie Property Securities Trust	13.4%	20.3%	21.0%	-4.9%	10.2%	11.6%
Pendal Property Investment Fund	10.0%	19.7%	23.7%	-4.8%	12.2%	11.7%
SG Hiscock Property Opportunities Fund	13.6%	16.6%	18.5%	-1.2%	10.5%	11.3%
Vanguard Wholesale Property Securities Index Fund	10.9%	20.0%	24.4%	-5.5%	13.0%	12.1%
Geared Funds						
Colonial First State Wholesale Geared Share Fund	32.3%	13.0%	-2.1%	24.1%	30.7%	18.9%
Fixed Income						
Aberdeen Standard Income-Focused Bond Fund	6.0%	5.5%	6.7%	0.2%	3.2%	4.3%
AUI Strategic Fixed Income Trust - Wholesale Units	5.6%	3.1%	4.7%	1.5%	2.2%	3.4%
Henderson Tactical Income Trust	5.7%	2.8%	3.8%	2.7%	2.9%	3.6%
Vanguard International Fixed Interest Index Fund (Hedged)	6.9%	6.0%	10.5%	-1.3%	2.1%	4.8%
Perpetual Wholesale Diversified Income Fund	5.7%	3.5%	2.7%	5.3%	3.2%	4.1%
Schroder Fixed Income Wholesale Class	5.7%	3.9%	5.0%	0.7%	2.7%	3.6%
Vanguard Australian Fixed Interest Index Fund	5.9%	5.4%	6.8%	0.1%	2.8%	4.2%

ASSET ALLOCATION AT 30 JUNE 2018

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
Fiducian Funds								
Fiducian Capital Safe Fund	61.1%	38.9%						
Fiducian Capital Stable Fund	33.0%	20.1%	9.7%	4.8%	15.0%	13.0%	4.3%	
Fiducian Balanced Fund	10.8%	10.8%	5.2%	2.6%	36.2%	26.4%	8.1%	
Fiducian Growth Fund	8.1%	5.7%	2.8%	1.4%	41.9%	30.4%	9.8%	
Fiducian Australian Shares Fund	0.6%				99.4%			
Fiducian Aust. Smaller Co Shares Fund	1.2%				98.8%			
Fiducian International Shares Fund	2.0%					98.0%		
Fiducian Geared Australian Shares Fund	2.6%				97.4%			
Fiducian Global Smaller Company & Emerging Markets Fund	4.3%					95.7%		
Fiducian India Fund	1.5%					98.5%		
Fiducian Property Securities Fund	1.9%						98.1%	
Fiducian Technology Fund	1.3%					98.7%		
Fiducian Ultra Growth Fund	7.0%				42.5%	42.8%	7.7%	
Fiducian Diversified Social Aspirations Fund	3.1%				50.4%	46.4%		

ASSET ALLOCATION AT 30 JUNE 2017

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
Fiducian Funds								
Fiducian Capital Safe Fund	62.4%	37.6%						
Fiducian Capital Stable Fund	31.7%	19.6%	10.4%	5.0%	15.8%	12.9%	4.6%	
Fiducian Balanced Fund	8.1%	10.3%	5.5%	2.6%	38.8%	26.1%	8.6%	
Fiducian Growth Fund	4.1%	6.1%	3.2%	1.6%	43.7%	31.0%	10.3%	
Fiducian Australian Shares Fund	0.6%				99.4%			
Fiducian Aust. Smaller Co Shares Fund	4.6%				95.4%			
Fiducian International Shares Fund	1.5%					98.5%		
Fiducian Geared Australian Shares Fund	2.9%				97.1%			
Fiducian Global Smaller Company & Emerging Markets Fund	1.6%					98.4%		
Fiducian India Fund	4.2%					95.8%		
Fiducian Property Securities Fund	1.9%						98.1%	
Fiducian Technology Fund	1.1%					98.9%		
Fiducian Ultra Growth Fund	1.4%				44.8%	45.1%	8.7%	
Fiducian Diversified Social Aspirations Fund	2.5%				53.0%	44.5%		

ASSET ALLOCATION AT 30 JUNE 2018

Note: The Trustee is required to advise asset allocation at both the latest and previous 30 June. (See 2017 on pages 27-30).

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
Fiducian Collection								
Capital Safe								
Aberdeen Standard Australian Floating Rate Income Fund	44.2%	55.8%						
AMP Capital Managed Treasury Fund	10.2%	85.7%	4.1%					
UBS Cash Fund	89.9%	10.1%						
UBS Cash Plus Fund	46.8%	53.2%						
Capital Stable								
INVESCO Wholesale Protected Growth Fund	1.1%		98.9%					
Macquarie Master Capital Stable Fund	27.0%	25.3%	10.1%		8.2%	23.4%		5.9%
Onepath Wholesale Capital Stable Trust	31.6%	29.9%	18.1%		9.8%	1.9%	3.3%	5.3%
Pendal Conservative Outlook Fund	16.6%	25.7%	15.0%		11.4%	10.0%	4.7%	16.5%
Balanced								
Colonial First State W'sale Diversified Fund	7.5%	16.7%	12.3%		32.4%	26.1%	5.0%	
Legg Mason Diversified Trust	10.5%	14.9%	6.4%		43.3%	18.7%	6.2%	
Macquarie Master Balanced Fund	10.6%	9.2%	10.3%		22.7%	41.7%		5.4%
Onepath Tax Effective Income Trust - Wholesale Class	14.3%	19.1%			37.5%		29.1%	
Pendal Balanced Returns Fund	2.6%	15.2%	9.2%		26.4%	23.3%	5.3%	18.0%
Schroder Balanced Fund Wholesale Class	14.4%	13.2%	13.4%		35.3%	23.7%		
Growth								
Aberdeen Standard Multi-Asset Real Return Fund	6.8%	2.6%	30.7%		18.0%	17.3%	3.1%	21.4%
Onepath Wholesale Managed Growth Trust	2.5%	8.1%	7.3%		25.1%	32.3%	4.7%	20.1%
Australian Shares								
AMP Capital Equity Fund	1.8%				90.9%		7.3%	
Antares Professional High Growth Shares Fund	1.8%				98.2%			
Ausbil Australian Active Equity Fund	1.7%				98.3%			
Colonial First State Wholesale Australian Share Fund	2.4%				97.6%			
Colonial First State Wholesale Imputation Fund	1.8%				98.2%			
Hyperion Australian Growth Companies Fund	6.0%				94.1%			
Investors Mutual Australian Shares Fund	8.8%				86.5%		4.7%	
Pendal Australian Share Fund	3.0%				97.0%			
Perpetual's W/S Industrial Fund	5.8%				83.1%	8.1%	3.0%	
Perpetual Wholesale Ethical SRI Fund	9.7%				82.3%	5.5%	2.5%	
Sandhurst IML Industrial Share Fund	0.1%				99.9%			
Schroder Wholesale Australian Equity Fund	2.9%				97.1%			
Niko AM-Tyndall Australian Share Wholesale Fund	4.0%				94.9%		1.1%	
Vanguard Wholesale Australian Shares Index Fund					100.0%			
Australian Smaller Company Shares								
Investors Mutual Aust. Smaller Cos Fund	15.6%				79.7%		4.7%	
Pendal Smaller Companies Fund	7.3%				92.7%			

ASSET ALLOCATION AT 30 JUNE 2018 (CONT)

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
International Shares								
Aberdeen Standard Actively Hedged International Equities Fund	1.7%					98.3%		
Aberdeen Standard Emerging Opportunities Fund	2.1%					97.9%		
Arrowstreet Global Equity Fund (Hedged)	4.1%					95.0%	0.9%	
AMP Capital Wholesale Global Equity - Growth Fund	5.4%					94.6%		
AMP Capital Wholesale Global Equity - Value Fund	1.7%					98.3%		
Colonial First State W'sale Global Resources Fund	2.8%				19.9%	77.3%		
Magellan Global Fund	18.4%					81.6%		
Magellan Infrastructure Fund	8.1%				19.3%	72.6%		
Pendal Asian Share Fund	8.0%					92.0%		
Pendal International Share Fund	2.0%					98.0%		
Platinum Asia Fund	16.2%					83.8%		
Platinum International Fund	13.3%				0.4%	86.3%		
PM Capital Global Companies Fund	3.8%	3.0%	2.4%		0.1%	90.7%		
Premium China Fund	5.0%					95.0%		
Templeton Global Equity Fund	2.2%					97.8%		
Vanguard Wholesale International Shares Index Fund						100.0%		
Vanguard Wholesale International Shares Index Fund (Hedged)						100.0%		
Property Securities								
APN Property for Income Fund No. 2								
Ironbark Paladin Property Securities Fund	4.9%						95.1%	
Legg Mason Martin Currie Property Securities Trust	3.2%	0.0%					96.8%	
Pendal Property Investment Fund	4.6%						95.4%	
SG Hiscock Property Opportunities Fund	5.6%						94.4%	
Vanguard Wholesale Property Securities Index Fund							100.0%	
Geared Funds								
Colonial First State Wholesale Geared Share Fund	7.3%				92.7%			
Fixed Income								
Aberdeen Standard Income-Focused Bond Fund	0.8%	99.2%						
AUI Strategic Fixed Income Trust - Wholesale Units	2.7%	97.3%						
Henderson Tactical Income Trust	15.2%	84.8%						
Vanguard International Fixed Interest Index Fund (Hedged)		1.2%	98.8%					
Perpetual Wholesale Diversified Income Fund	14.7%	62.3%	23.0%					
Schroder Fixed Income Wholesale Class	13.5%	85.6%	0.8%					
Vanguard Australian Fixed Interest Index Fund		100.0%						

ASSET ALLOCATION AT 30 JUNE 2017

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
Fiducian Collection								
Capital Safe								
Aberdeen Australian Floating Rate Income Fund	27.0%	73.0%						
AMP Capital Managed Treasury Fund	13.3%	86.7%						
UBS Cash Fund	90.2%	9.8%						
UBS Cash Plus Fund	49.2%	50.8%						
Capital Stable								
BT Wholesale Conservative Outlook Fund	19.1%	24.2%	18.4%		11.5%	8.9%	5.2%	12.7%
INVESCO Wholesale Protected Growth Fund	3.7%		96.3%					
Macquarie Master Capital Stable Fund	38.9%	21.7%	13.1%		14.5%	7.9%		3.9%
Onepath Wholesale Capital Stable Trust	34.8%	29.4%	17.7%		7.3%	1.9%	3.8%	5.1%
Balanced								
BT Wholesale Balanced Returns Fund	3.3%	16.1%	10.9%		26.5%	23.4%	7.1%	12.7%
Colonial First State W'sale Diversified Fund	5.3%	19.0%	6.5%		32.1%	31.7%	5.4%	
Legg Mason Diversified Trust	2.3%	18.1%	7.2%		40.5%	21.9%	10.0%	
Macquarie Master Balanced Fund	24.4%	7.3%	17.0%		29.2%	17.6%		4.5%
Onepath Tax Effective Income Trust - Wholesale Class	4.9%	28.1%			38.5%		28.5%	
Schroder Balanced Fund Wholesale Class	13.3%	11.1%	7.0%	1.6%	33.1%	22.8%		11.1%
Growth								
Aberdeen Multi-Asset Real Return Fund	4.4%	4.6%	39.3%		21.6%	19.2%	3.0%	7.9%
Onepath Wholesale Managed Growth Trust	5.2%	7.1%	9.3%		24.9%	27.9%	5.2%	20.4%
Australian Shares								
AMP Capital Equity Fund	5.3%				92.9%		1.8%	
Antares Professional High Growth Shares Fund	0.9%				99.1%			
Ausbil Australian Active Equity Fund	1.6%				98.4%			
BT Wholesale Core Australian Share Fund	4.8%				95.2%			
Colonial First State Wholesale Australian Share Fund	2.6%				97.4%			
Colonial First State Wholesale Imputation Fund	1.9%				98.1%			
Hyperion Australian Growth Companies Fund	4.8%				95.2%			
Investors Mutual Australian Shares Fund	9.1%				86.2%		4.7%	
Perpetual's W/S Industrial Fund	5.4%				86.0%	4.1%	4.5%	
Perpetual Wholesale Ethical SRI Fund	9.1%				87.7%		3.2%	
Sandhurst IML Industrial Share Fund	0.2%				99.8%			
Schroder Wholesale Australian Equity Fund	3.6%				96.4%			
Niko AM-Tyndall Australian Share Wholesale Fund	4.2%				95.1%		0.7%	
Vanguard Wholesale Australian Shares Index Fund					100.0%			
Australian Smaller Company Shares								
BT Wholesale Smaller Companies Fund	6.9%				93.1%			
Investors Mutual Aust. Smaller Cos Fund	14.7%				79.4%		5.9%	

ASSET ALLOCATION AT 30 JUNE 2017 (CONT)

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	CPI Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
International Shares								
Aberdeen Actively Hedged International Equities Fund	1.3%					98.7%		
Aberdeen Emerging Opportunities Fund	1.8%					98.2%		
Arrowstreet Global Equity Fund (Hedged)	1.2%					98.6%	0.2%	
AMP Capital Wholesale Global Equity - Growth Fund	6.3%					93.7%		
AMP Capital Wholesale Global Equity - Value Fund	1.7%					98.3%		
BT Wholesale Asian Share Fund	1.4%					98.6%		
BT Wholesale International Share Fund	2.8%					97.2%		
Colonial First State Wholesale Global Resources Fund	1.8%				18.9%	79.3%		
Magellan Global Fund	15.0%					85.0%		
Magellan Infrastructure Fund	10.4%				15.3%	74.3%		
Platinum Asia Fund	12.0%					88.0%		
Platinum International Fund	11.7%					88.3%		
PM Capital Global Companies Fund	-1.3%	2.3%	7.9%		0.5%	90.6%		
Premium China Fund	3.0%					97.0%		
Templeton Global Equity Fund	2.4%					97.6%		
Vanguard Wholesale International Shares Index Fund						100.0%		
Vanguard Wholesale International Shares Index Fund (Hedged)						100.0%		
Property Securities								
APN Property for Income Fund No. 2	2.8%						87.0%	10.2%
BT Wholesale Property Investment Fund	2.5%						97.5%	
Ironbark Paladin Property Securities Fund	3.6%						96.4%	
Legg Mason Martin Currie Property Securities Trust	0.5%						99.5%	
SG Hiscock Wholesale Property Securities Fund	2.9%						97.1%	
Vanguard Wholesale Property Securities Index Fund							100.0%	
Geared Funds								
Colonial First State Wholesale Geared Share Fund	8.7%				91.3%			
Fixed Income								
Aberdeen Income-Focused Bond Fund	0.6%	99.4%						
AUI Strategic Fixed Income Trust - Wholesale Units	1.4%	98.6%						
Henderson Tactical Income Trust	23.3%	76.7%						
Vanguard International Fixed Interest Index Fund (Hedged)		1.5%	98.5%					
Perpetual Wholesale Diversified Income Fund	10.9%	61.2%	27.9%					
Schroder Fixed Income Wholesale Class	14.9%	83.5%	0.2%	1.4%				
Vanguard Australian Fixed Interest Index Fund		100.0%						

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			
Diversified Funds					
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
Asset Sector Funds					
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
Specialist Funds					
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 2017, for the Fiducian Collection and the Fiducian Funds were:

- Aberdeen Asset Management Limited
- Adam Smith Asset Management Pty Ltd
- 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
- HDFC Asset Management Company Ltd
- 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
- Pareto Australia Pty Ltd
- Pental 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 2017 were:

IMPUTATION PORTFOLIO

- Adelaide Brighton Ltd
- Aristocrat Leisure Ltd
- Altium Ltd
- Aurizon Holdings Ltd
- Caltex Australia Ltd
- Commonwealth Bank of Australia
- Downer EDI Ltd
- Harvey Norman Holdings Ltd
- IOOF Ltd
- Medibank Private Ltd
- Qantas Airways
- Suncorp Group Ltd
- Westpac Banking Corporation
- Woodside Petroleum Ltd

GROWTH PORTFOLIO

- Altium Ltd
- Carsales.com Ltd
- Challenger Ltd
- CSL Ltd
- Domino's Pizza Enterprises Ltd
- Macquarie Group Ltd
- Pental Group Ltd
- Ramsay Health Care Ltd
- REA Group Ltd
- Rio Tinto Ltd
- Seek Ltd
- The A2 Milk Company Ltd
- Westpac Banking Corporation
- WorleyParsons Ltd

PROPERTY SECURITIES PORTFOLIO

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



EMERGING LEADERS PORTFOLIO

- Altium Ltd
- Appen Ltd
- BWX Ltd
- Compumedics Ltd
- Corporate Travel Management Ltd
- Credit Corp Group Ltd
- Freedom Insurance Group Ltd
- Gentrack Group Ltd
- Northern Star Resources Ltd
- Pioneer Credit Ltd
- Praemium Ltd
- Red River Resources Ltd
- Shriro Holdings Ltd
- Vocus Communications 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 2018

	2018	2017
	\$000	\$000
Superannuation Activities		
Interest income	376	322
Trust distributions	50,946	40,257
Dividend income	956	1,047
Net Changes in assets measured at fair value	81,658	59,733
Total Income from Superannuation activities	133,936	101,359
General administration expenses		
Administration and other service provider expenses	(20,300)	(18,767)
Total expenses	(20,300)	(18,767)
Results from superannuation activities before Income tax	113,636	82,592
Income tax benefit	(6,434)	7,664
Results from superannuation activities after Income tax	107,202	90,256
Net benefits allocated to defined contribution members	(107,202)	(90,256)
Operating result after income tax	-	-

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 2018 are available on request.

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	2018	2017
	\$000	\$000
Assets		
Cash and cash equivalents	52,145	46,076
Distributions receivable	41,758	31,344
Income tax receivable	1,357	3,062
Deferred tax assets	-	7,838
Outstanding settlements	1,143	1,159
Financial Assets at fair value through profit and loss	1,256,954	1,067,443
Total assets	1,353,357	1,156,923
Liabilities		
Administration and other service provider fees	1,839	1,840
Deferred tax liability	4,007	-
Other accounts payable	65	56
Total liabilities excluding member benefits	5,911	1,896
Net assets available to pay member benefits	1,347,446	1,155,027
Member Benefits		
Allocated to members	1,340,539	1,149,274
Total member benefits	1,340,539	1,149,274
Net Assets	6,907	5,753
Equity		
Reserves	6,907	5,753
Total Equity	6,907	5,753

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 2018 are available on request.

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CHANGES IN MEMBER BENEFITS

For the year ended 30 June 2018

	2017	2017
	\$000	\$000
Opening balance of member benefits	1,149,274	978,408
Contributions received:		
Employer	14,243	15,571
Members	33,692	63,245
Transfers from other funds	139,840	110,747
Government co-contributions	48	48
Income Tax on contributions	(4,091)	(3,797)
Net after tax contributions	183,732	185,814
Benefits to members:		
Benefit Payments	(80,585)	(78,657)
Transfers to other funds	(19,419)	(25,759)
Net Insurance Premiums adjusted to members' accounts	767	(735)
Net Transfer (to)/from Reserves:		
Expense Reserve	(433)	(53)
Benefits allocated to members' accounts:		
Net Investment Income	133,936	101,359
Net Administration and other service provider expenses	(20,300)	(18,767)
Tax (expense)/benefit	(6,434)	7,664
	7,533	(14,948)
Closing balance of member benefits	1,340,539	1,149,274

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 2018 are available on request.

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Expense Reserve	Operational Risk Reserve	Total Equity
	\$000	\$000	\$000
Balance as at 30 June 2016	1,328	3,721	5,049
Transfer (to)/from members	53	651	704
Balance as at 30 June 2017	1,381	4,372	5,753
Transfer (to)/from members	3	1,152	1,155
Balance as at 30 June 2018	1,384	5,524	6,907

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 2018 are available on request.

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	2018	2017
	\$000	\$000
Cash flows from operating activities		
Interest received	376	322
Trust distributions received	40,532	30,319
Dividends received	956	1,047
Other income received	-	609
Administration and other service provider fees paid	(21,054)	(19,912)
Income taxes received	8,716	7,656
Net cash flows from operating activities	29,526	20,041
Cash flows from investing activities		
Proceeds from sale of unit trusts	80,236	170,296
Proceeds from sale of shares in listed companies	3,339	7,392
Proceeds from sale of fixed interest securities	420	854
Units in unit trusts purchased	(188,299)	(265,046)
Fixed interest securities purchased	(45)	(522)
Shares in listed companies purchased	(2,746)	(7,710)
Net cash flow from / (used in) investing activities	(107,095)	(94,736)

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CASH FLOWS (CONT)

For the year ended 30 June 2018

	2018	2017
	\$000	\$000
Cash flows from financing activities		
Contributions received:		
Employer	14,243	15,571
Members	33,692	63,245
Transfers from other funds	139,840	110,747
Government co-contributions	48	48
Contributions tax paid	(4,092)	(3,797)
Net Transfer from Reserve	(723)	53
Premiums on term insurance policies paid	633	(1,442)
Benefits paid	(100,003)	(104,415)
Net cash flow from / (used in) financing activities	83,638	80,010
Net increase in cash and cash equivalents	6,069	5,315
Cash and cash equivalents at the beginning of the year	46,076	40,761
Cash and cash equivalents at the end of the year	52,145	46,076

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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 2018 are available on request.

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	5	5	4	4	2	2
Brian Lacey	8	9	-	-	-	-	2	2
S.G. Venkatramani	8	9	5	5	-	-	-	-
Ross Martin	9	9	-	-	2	2	-	-
Frank Khouri	9	9	5	5	-	-	2	2
Sam Hallab	8	9	-	-	-	-	-	-
Mike Devlin	-	-	-	-	4	4	-	-
Jai Singh	-	-	-	-	4	4	-	-
Tony Breen	-	-	-	-	4	4	-	-

STATUTORY INFORMATION (CONT)

TRUST DEED

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

http://www.fiducian.com.au/wp-content/uploads/corporate_docs/2011_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 is currently 0.083% capped at \$300 per 6 monthly instalment with a maximum of 6 instalments from an account. You will be informed if there are any increases 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 2018 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

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 <http://www.fiducian.com.au/Content/SuperannuationService.aspx>

INDEMNITY INSURANCE

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

ELIGIBLE ROLLOVER FUND (ERF)

An ERF is a superannuation fund which protects members' accounts from fees and charges. We will transfer your superannuation benefit to an ERF if you are considered a 'lost member'. You will be considered a lost member if we have had two written communications returned unclaimed from your last known address.

The Trustee has nominated the Australian Eligible Rollover Fund as the ERF. The contact details are as follows:

Australian Eligible Rollover Fund

Locked Bag 5429

PARRAMATTA NSW 2124

Ph: 1800 677 424

If your superannuation benefit is transferred to an ERF, you will no longer be a member of Fiducian and your conditions of membership will cease, including any insurance cover you have through Fiducian. You will be a member of the ERF and subject to its governing rules.



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE