

FIDUCIAN SUPERANNUATION SERVICE

Registration Number: R1004298

Annual Report **2019**



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 2019.

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 2019:

		Fiducian Growth Fund	Fiducian Balanced Fund
1 year to 30 June 2019	Return	7.5% pa.	7.3% pa.
	Ranking*	66 out of 193	72 out of 193
3 years to 30 June 2019	Return	10.6% pa.	9.6% pa.
	Ranking*	1 out of 173	17 out of 173
5 years to 30 June 2019	Return	10.0% pa.	9.1% pa.
	Ranking*	1 out of 167	3 out of 167

* 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 been slowing this year, so that the International Monetary Fund (IMF) has scaled back its forecast for global growth to 3.0% for 2019 (the slowest rate of growth since the Great Recession of 2009) and 3.4% for 2020, down from 3.6% in 2018 and 3.8% in 2017. As the IMF notes, 'with a synchronised slowdown and uncertain recovery, the global outlook remains precarious. At 3 percent growth, there is no room for policy mistakes'. One of the key forces behind this slowdown is what the IMF refers to as 'structural factors, such as low productivity growth and ageing demographics in advanced economies'. 'Ageing demographics' is a reference to the so-called 'ageing' of the population resulting from historically unprecedented low fertility rates and consequent low birth rates in almost all advanced economies. This in itself inhibits economic growth but also affects productivity growth.

As the IMF emphasises, 'over the medium term, growth in advanced economies is projected to remain subdued, reflecting a moderate pace of productivity growth and slow labour force growth as populations age'. To try to counter some of these forces, monetary policy in most of the major advanced economies has been broadly expansionary since the global financial crisis. However, the US central bank (the 'Fed') did move towards a tightening bias in 2017 and 2018, steadily raising interest rates and engaging in 'quantitative tightening' (withdrawing liquidity from the financial system). This year though the 'Fed' has had to shift back towards more expansionary policy and has lowered interest rates three times since the start of the year. In Europe too, monetary policy has recently become even more expansionary than previously, while policy remains highly expansionary in Japan. The IMF though notes that 'monetary policy cannot be the only game in town and should be coupled with fiscal support where fiscal space is available and where policy is not already too expansionary'. Growth is forecast to be higher in much of the developing world (3.9% in 2019 and 4.6% in 2020), led by strong growth in China and India.

In the case of the US, growth has been stronger than in most other advanced economies over the past two years. This has reflected key policy initiatives introduced by the Trump Administration, including an historically large cut in the federal corporate tax rate last year (from 35% to 20%), increased deductibility of private investment, a massive 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, this year has seen growth slow even in the US, due to a slower global economy as well as previous overly zealous tightening by the 'Fed'. The Fed's interest rate cuts this year have so far been insufficient to re-ignite growth and more will likely need to be done over coming months, potentially including further rate cuts and a possible re-introduction of 'quantitative easing'. Despite slower growth (around 2% per annum in real terms in the June and September quarters), the employment market remains robust, with the unemployment rate around a 50-year low (3.6% in October). Wages have been edging up too, as has productivity growth, although inflation remains below target. Given likely further stimulus over the near-term, the outlook for the US economy remains positive leading into the 2020 presidential election.

In the Euro zone, monetary policy remains more expansionary than in the US. However, in recent weeks the European Central Bank (ECB) has seen the need to provide even more stimulus. The use of 'quantitative easing' ('QE') re-started in November, following its termination in late 2018 and official interest rates have been lowered even further (to -0.50%). With economic growth much lower than in the US at present and with some parts of the Euro zone close to recession (most notably Germany), the ECB is likely to continue with its highly expansionary policies for some time to come, especially given that inflation (0.8% in September) remains well below the 2% target. In Asia, growth has also slowed, although from a high base. The IMF is forecasting that developing Asia will grow by 5.9% this year and 6.0% in 2020, down from 6.4% in 2018. China and India are each expected to expand by over 6% this year. Japan (the world's third largest economy), continues to struggle, with growth forecast to be only 0.9% this year and 0.5% in 2020.

ECONOMIC OVERVIEW

(CONT)

AUSTRALIAN ECONOMY

The Australian economy slowed significantly during the 2018-19 financial year, with GDP up only 1.4% for the year (and negative on a per capita basis), its slowest rate of growth since the global financial crisis. Effectively, household and government spending have sustained growth, while private capital formation (investment) has declined and therefore detracted from growth. Household spending has been sustained to a degree by households dipping into savings, with the household saving ratio (saving as a percentage of disposable income) falling to 2.3%, well down from its peak in recent years. Wages growth has been anaemic and thus unable to act as a spending catalyst, as average hourly earnings growth has only been keeping pace with inflation.

The economy has received a boost from a lift in the terms of trade (the ratio of our export prices to our import prices), which rose 9% for the year, with strongly rising iron ore prices (up over 60% 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, account for over 60% of total exports with over 30% of all exports going to China and over 70% to Asian destinations. 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, the highest minimum wage rate and, for some states, the highest electricity prices in the world. Corporate profit growth, an important indicator of economic health, has been weak and is forecast to remain so (estimated to increase by 5% this year and a meagre 2% in 2020, according to Yardeni Research data). On the other hand, the housing market has begun to stabilise, particularly in Sydney and Melbourne, with the sector responding positively to recent interest rate cuts by the Reserve Bank.

AUSTRALIAN SHARES

The first half of the 2018-19 financial year saw the Australian share market fall 7% (ASX200 Accumulation index), with this period coinciding with a global share market decline caused by overly tight monetary policy being implemented by the US central bank. However, the Fed's relaxation of this policy that began at the start of this year saw investors regain some confidence, leading to a rebound in most markets over the next six months.

FINANCIAL MARKETS OVERVIEW

The half-year to end-June this year saw a strong recovery in the domestic market (up 20%), along with most major international share markets. Over the full financial year, the Technology sector was the best performer (up 19%), along with listed property (also up 19%), while the Resources sector performed well for the fourth year in a row (up 16%). The Industrials sector slightly lagged the index (up 10%) and the Financials sector struggled yet again (up 8% after rising only 2% the previous year).

Banking stocks continued to be affected by the impact of a Royal Commission into the sector, which highlighted shortcomings in banking operations and which in turn led to reduced bank lending (particularly for housing). Tighter bank lending requirements then caused a near collapse in house prices in the major cities, which pushed the central bank to slash interest rates. By 30 September, the overall share market appeared reasonably priced, with an estimated price-to-earnings ratio (PER) of 17 times trailing earnings (above its long-term average) and a dividend yield of 4% (around the long-term average) (ASX data).

INTERNATIONAL SHARES

International share markets were mostly negative over the first half of the 2018-19 financial year, reflecting tighter monetary policy in the major economies, led by the 'Fed' in the US. However, more expansionary policy that began to be implemented from January 2019, led to a steady rebound in most markets over the second half of the financial year. Over the full year to 30 June 2019, market movements included the broad US market (S&P500) up 8% and the technology-laden US Nasdaq index up 7%, while European markets were somewhat weaker, reflecting a slowdown in growth across the region.

The UK market was down 3% over the year, while the French and German markets were up respectively by 4% and 1%. Key Asian markets were mixed, with Japan down 5%, China up 5% and India up 11%.

The September quarter this year saw little net movement in markets, with the broad US market up 1%, while the UK and German markets barely moved, Japan rose 2%, and China and India each fell 2%. With central banks in the US, Europe and Japan all either moving towards lower interest rates (the 'Fed' and the ECB) or holding rates steady at low levels (the Bank of Japan), the outlook for markets remains reasonably positive.

FINANCIAL MARKETS

OVERVIEW (CONT)

This is especially so given that the outlook for earnings growth next year is strongly positive in a number of jurisdictions, including the US (forecast growth of 10%), Japan (6%), Germany (13%), the UK (8%), China (13%) and India (22%), according to forecasts by Yardeni Research (as at 30 October). 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 15 times estimated forward earnings, right on its longer-term average. 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 and cash.

PROPERTY

The domestic listed property sector out-performed the overall domestic share market over the 2018-19 financial year (up 19% against a rise of 11% for the broader market) and it matched the Technology sector as the best performing sectors over the period. More recently, over the September quarter, performance lagged slightly (up 1% against a rise of 2% for 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 18 times forward earnings and it offered an earnings yield (2019-20 earnings) of around 5.5%, although few securities were still trading at discounts to net asset value.

AUSTRALIAN BONDS

For the year ended 30 June 2019, Australian bonds (Bloomberg Composite Bond All Maturities index) returned 9.6% for investors. This was below the 11.5% 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 benefited over the past year from a decline in interest rates brought about by a slowdown in global and domestic growth and by central banks targeting low sovereign bond rates in an effort to boost lending and economic activity. With economic growth slowing in Australia in recent months, it could be some time before the general level of interest rates begins to rise.

Internationally, most major central banks (especially the European Central Bank and the Bank of Japan) are likely to continue to target low bond yields, at least until clearer signs emerge of economic recovery. Evidence of stronger global growth would imply less need for very low official interest rates and would therefore reduce the attraction of bond markets in general. Given that bond 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 some time.

INTERNATIONAL BONDS

International bonds as a sector performed reasonably well over the 2018-19 financial year, returning 7.2% (Barclays Capital Global Aggregate index, hedged to the \$A), with this return being well up on the previous three years, although the sector still underperformed the broader share market. Overall, the sector continues to appear expensive relative to most major share markets.

There is also considerable potential for a further shift by investors from bonds into supposedly 'riskier' share and property markets, assuming that stronger economic recovery is able to be engineered in the major advanced economies and that investor confidence begins to pick up over the coming year. 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 even slower growth. 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 UPDATE FOR 2018/2019

NEW RULES IN 2018/2019

With the start of the new financial year, several rules previously flagged came into effect:

DOWNSIZE YOUR HOME AND ADD TO YOUR SUPER

From 1 July 2018, people aged 65 or over can make contributions into their super account of up to \$300,000 (\$600,000 for a couple) using the proceeds from the sale of their main residence. Although these 'downsizer' contributions are considered non-concessional (after-tax) contributions, they are in addition to any voluntary contributions made under the current non-concessional contributions cap (\$100,000 in 2019/2020).

Downsizer contributions can be made regardless of your annual non-concessional contributions cap position and whether you meet the requirements of the work test. If you are aged 75 and over, you can still make a downsizer contribution even if you have never worked.

USING YOUR SUPER TO SAVE A HOME DEPOSIT

From 1 July 2018, any super contributions made into a super account as part of the First Home Super Saver (FHSS) Scheme can be withdrawn and used to help purchase a first home. Under the FHSS Scheme, first homebuyers can make voluntary contributions of up to \$15,000 a year into their super account (to a maximum of \$30,000) and later withdraw them (plus the associated earnings) to help purchase a home.

To qualify, you must live in the property you buy (or intend to in the near future) and intend to live in it for at least six months in the first 12 months you own it. Accessing the money requires an application to the ATO and if eligible, a one-time-only withdrawal is permitted.

CARRY-FORWARD CONCESSIONAL CAP

You will be able to carry-forward your unused concessional contributions cap space amounts from 1 July 2018.

The first year in which you can increase your concessional contributions cap by the amount of unused cap is 2019–20 but only if you have a total superannuation balance of less than \$500,000 at 30 June in the previous year.

Your total superannuation balance is only relevant before the start of the year you make the contribution. You can still access unused amounts from previous years if your total superannuation balance was over \$500,000 at the end of 30 June before those years.

TRANSFER BALANCE ACCOUNT REPORTING (TBAR) REPORTING STARTS

From 1 July 2018, all SMSFs are required to report events affecting fund members' transfer balances, with the reporting timeframe determined by the Total Superannuation Balance of members.

MERGING OF THE SUPERANNUATION COMPLAINTS TRIBUNAL AND OTHER FINANCIAL COMPLAINT SERVICES INTO A SINGLE COMPLAINTS AUTHORITY

On 1 November 2018, the Australian Financial Complaints Authority (AFCA) began operating. Having absorbed the former Superannuation Complaints Tribunal, the Financial Ombudsman Service, and the Credit and Investment Ombudsman, AFCA is now a one-stop shop for complaints requiring external dispute resolution regarding financial services, including superannuation.

OTHER RULE CHANGES - STARTING 1 JULY 2019

Significant changes to the non-concessional (after-tax) contribution rules start on 1 July 2019, plus several changes to the threshold and payments for other super and pension areas:

NO WORK TEST FOR CONTRIBUTIONS IN FIRST YEAR OF RETIREMENT

New retirees aged between 65 and 74 will now 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.

The relaxation of the work test rules only applies once and you cannot make contributions in subsequent financial years without meeting the work test. Under the new rules, after age 65 work test-free contributions are only permitted in the year immediately after the one in which you last met the work test.

SUPERANNUATION UPDATE FOR 2018/2019 (CONT)

CARRY-FORWARD CONCESSIONAL (BEFORE-TAX) CONTRIBUTIONS START

From 1 July 2019, super fund members can make catch-up concessional contributions into their super account using their unused concessional contributions cap amounts from previous years. To qualify, you must have a Total Super Balance of less than \$500,000 on 30 June of the previous financial year and you must not have used all your \$25,000 annual concessional contributions cap in the previous financial year.

Under the rules, you can carry-forward up to five years of unused concessional contributions caps for use in a later financial year, but the rolled forward amounts expire after five years.

The five-year carry-forward period started on 1 July 2018, meaning 2019/2020 is the first year in which you can make catch-up contributions. If you are aged 65 or over, the normal work test rules apply.

RISE IN AGE PENSION WORK BONUS

If you are receiving the Age Pension work bonus, you will get a lift in your work bonus payments from \$250 to \$300 per fortnight from 1 July 2019.

PENSION LOANS SCHEME EXPANDED

From 1 July 2019, the eligibility criteria and withdrawal amounts for the Pension Loans Scheme (PLS) will be expanded to make the scheme available to more Australians of age pension age. Under the new eligibility rules, you no longer need to receive any Age Pension to apply the Pension Loan Scheme. Historically only those in receipt of at least a part pension could apply for the scheme, it is now available to anyone who meets residence and age requirements of the Age Pension.

The withdrawal amount per fortnight is increasing from 100% to 150% of the maximum fortnightly pension rate. Pensioners wishing to apply for the PLS will be able to do so using their Centrelink online account through the myGov portal.

AGE PENSION AGE RISES TO 66

From 1 July 2019, the age at which you qualify for the Age Pension rises to 66, with the eligibility rising six months every two years until it reaches age 67 for everyone on 1 July 2023.

NEW RULES FROM 1 JULY 2019

Like those before it, the upcoming financial year will see yet more changes to the super rules:

PROTECTING YOUR SUPER REFORMS – STARTING 1 JULY 2019

The “Protecting Your Super” reform package was legislated to protect Australians’ super accounts from being eroded by insurance policy fees and premiums they may not require. The key reforms are:

- **Insurance within inactive super accounts**

Your super fund will be required to cancel the insurance cover that goes with your super account if your super account is deemed to be inactive. Under the legislation, super accounts are considered inactive if they have not received any contributions or rollovers for more than 13 months.

Super funds are required to inform fund members they are at risk of having their insurance cancelled and giving them the option to retain their insurance cover even if they are not making regular super contributions.

- **Closure of inactive super accounts**

If you have an inactive super account with a balance of less than \$6,000 it will be closed automatically and the balance transferred to the ATO, which will then use data matching technology to combine the low balance amount with one of your active super accounts.

- **Cap on fees for low balance accounts**

Small super accounts with a balance of \$6,000 or less at financial year-end will have their super fund fees capped at 3% per annum.

- **Switching funds without exit fees**

Exit fees will be banned, allowing you to switch your super fund without having to pay any penalty or fee.

INVESTMENTS AND INVESTMENT RETURNS

As at 30 June 2019, 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	5.6%
Fiducian Australian Shares Fund	10.8%
Fiducian Balanced Fund	15.5%
Fiducian Capital Safe Fund	6.3%
Fiducian Capital Stable Fund	13.0%
Fiducian Growth Fund	6.4%
Fiducian Ultra Growth Fund	10.6%
Fiducian International Shares Fund	9.1%

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INVESTMENTS AND INVESTMENT RETURNS

(CONT)

FIDUCIAN FUNDS

Fiducian Funds were first offered on 16 January 1997.

Fiducian Funds	Year to 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Compound Return p.a.
Fiducian Capital Safe Fund	2.4%	1.9%	2.0%	1.7%	1.8%	1.9%
Fiducian Capital Stable Fund	7.5%	4.2%	4.7%	6.0%	6.0%	5.7%
Fiducian Balanced Fund	11.8%	4.9%	9.9%	11.6%	7.3%	9.1%
Fiducian Growth Fund	13.2%	5.1%	11.3%	13.2%	7.5%	10.0%
Fiducian Australian Shares Fund	7.3%	5.3%	15.0%	15.8%	4.9%	9.6%
Fiducian Aust. Smaller Co Shares Fund	9.7%	14.2%	5.3%	18.1%	1.3%	9.5%
Fiducian International Shares Fund	24.4%	-1.5%	17.6%	15.1%	8.5%	12.5%
Fiducian Geared Australian Shares Fund	10.2%	-3.4%	21.2%	20.1%	12.0%	11.6%
Fiducian Global Smaller Company & Emerging Markets Fund ¹	20.5%	-3.7%	17.4%	11.6%	1.8%	9.1%
Fiducian India Fund ¹	41.0%	2.4%	23.8%	1.9%	5.1%	13.9%
Fiducian Property Securities Fund	18.9%	22.9%	-2.2%	12.9%	17.6%	13.7%
Fiducian Technology Fund ¹	41.2%	1.1%	32.4%	18.5%	12.2%	20.2%
Fiducian Ultra Growth Fund ¹	17.0%	6.9%	10.9%	14.9%	3.7%	10.6%
Fiducian Diversified Social Aspirations Fund			10.9%	12.0%	9.7%	10.9%

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 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Compound Return p.a.
Imputation Portfolio	8.7%	3.0%	12.1%	8.4%	3.7%	7.1%
Emerging Leaders Portfolio	0.4%	21.4%	35.8%	31.7%	-12.0%	13.9%
Growth Portfolio	7.8%	7.6%	25.2%	24.6%	12.5%	15.3%
Property Securities Portfolio	18.1%	22.2%	-1.8%	11.7%	13.0%	12.3%

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.

INVESTMENTS AND INVESTMENT RETURNS

(CONT)

FIDUCIAN COLLECTION

Asset Name	Year to 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Compound Return p.a.
Capital Safe						
AMP Capital Managed Treasury Fund	2.6%	2.3%	2.0%	1.8%	2.1%	2.2%
UBS Cash Fund	2.5%	2.1%	1.8%	1.7%	1.9%	2.0%
UBS Cash Plus Fund	2.9%	2.4%	2.5%	2.2%	2.5%	2.5%
Capital Stable						
INVECO Wholesale Protected Growth Fund	4.0%	1.7%	8.4%	4.3%	2.8%	4.2%
Macquarie Master Capital Stable Fund	4.9%	1.2%	6.1%	4.7%	6.5%	4.7%
Onepath Wholesale Capital Stable Trust	4.2%	3.5%	1.8%	3.1%	5.6%	3.6%
Pendal Conservative Outlook Fund	7.9%	4.8%	2.7%	4.8%	4.1%	4.8%
Balanced						
Colonial First State W'sale Diversified Fund	8.9%	3.8%	7.1%	10.2%	9.2%	7.8%
Legg Mason Martin Currie Diversified Trust	11.7%	2.9%	12.8%	8.3%	4.9%	8.1%
Macquarie Master Balanced Fund	8.5%	2.1%	11.6%	8.9%	8.4%	7.9%
Onepath Tax Effective Income Trust - Wholesale Class	6.7%	4.2%	3.6%	7.4%	9.6%	6.3%
Pendal Balanced Returns Fund	10.6%	2.9%	6.6%	8.6%	4.4%	6.6%
Schroder Balanced Fund Wholesale Class	7.8%	0.3%	12.1%	7.4%	7.1%	6.9%
Growth						
Aberdeen Standard Multi-Asset Real Return Fund	8.8%	3.6%	11.1%	3.9%	6.0%	6.6%
Onepath Wholesale Managed Growth Trust	9.5%	1.6%	9.0%	8.3%	6.8%	7.0%
Australian Shares						
AMP Capital Equity Fund	7.1%	-1.3%	9.0%	13.6%	11.5%	7.8%
Antares Professional High Growth Shares Fund	8.4%	1.7%	17.1%	18.7%	5.4%	10.1%
Ausbil Australian Active Equity Fund	4.2%	1.2%	14.0%	16.3%	6.1%	8.2%
Colonial First State Wholesale Australian Share Fund	7.4%	3.9%	3.9%	23.0%	8.9%	9.2%
Colonial First State Wholesale Imputation Fund	6.0%	0.2%	7.3%	20.4%	9.9%	8.6%
Hyperion Australian Growth Companies Fund	5.9%	15.7%	5.4%	15.3%	6.0%	9.6%
Investors Mutual Australian Shares Fund	10.0%	5.1%	12.5%	5.2%	8.7%	8.3%
Niko AM Australian Share Wholesale Fund	8.0%	-1.5%	23.4%	11.8%	-2.5%	7.4%
Pendal Australian Share Fund	8.5%	-2.2%	15.8%	14.8%	7.9%	8.8%
Perpetual's W/S Industrial Fund	7.6%	-1.6%	13.8%	5.9%	4.4%	5.9%
Perpetual Wholesale Ethical SRI Fund	10.4%	5.9%	13.9%	6.2%	-0.8%	7.0%
Sandhurst IML Industrial Share Fund	11.5%	4.3%	13.9%	4.1%	6.7%	8.0%
Schroder Wholesale Australian Equity Fund	2.8%	-6.7%	20.1%	12.8%	9.4%	7.3%
Vanguard Wholesale Australian Shares Index Fund	5.4%	0.6%	13.7%	13.0%	11.2%	8.7%
Australian Smaller Company Shares						
Investors Mutual Aust. Smaller Cos Fund	18.6%	13.1%	13.7%	10.6%	-0.8%	10.9%
Pendal Smaller Companies Fund	5.9%	15.0%	5.5%	25.1%	-3.5%	9.2%

INVESTMENTS AND INVESTMENT RETURNS

(CONT)

FIDUCIAN COLLECTION (CONT)

Asset Name	Year to 30/06/15	Year to 30/06/16	Year to 30/06/17	Year to 30/06/18	Year to 30/06/19	Compound Return p.a.
International Shares						
Aberdeen Standard Actively Hedged International Equities Fund	12.0%	-1.6%	12.1%	9.0%	10.3%	8.2%
Aberdeen Standard Emerging Opportunities Fund	13.0%	-1.6%	13.2%	-0.3%	13.4%	7.3%
AMP Capital Wholesale Global Equity - Growth Fund	27.9%	-6.3%	19.9%	17.7%	12.8%	13.8%
AMP Capital Wholesale Global Equity - Value Fund	26.0%	-7.2%	15.7%	11.8%	0.9%	8.8%
Arrowstreet Global Equity Fund (Hedged)	15.1%	-2.2%	20.4%	12.0%	6.9%	10.2%
Janus Henderson W'sale Global Natural Resources Fund	-15.1%	-1.3%	3.9%	21.1%	-2.7%	0.5%
Magellan Global Fund	29.5%	-0.1%	15.4%	16.9%	20.2%	16.0%
Magellan Infrastructure Fund	12.3%	17.8%	8.6%	6.9%	16.5%	12.4%
Pendal Asian Share Fund	28.2%	-5.4%	15.3%	1.2%	5.1%	8.3%
Pendal International Share Fund	25.8%	-2.9%	16.0%	14.0%	4.1%	11.0%
Platinum Asia Fund	29.9%	-10.3%	19.7%	16.5%	0.5%	10.3%
Platinum International Fund	20.2%	-6.3%	21.4%	14.2%	0.8%	9.5%
PM Capital Global Companies Fund	38.7%	-17.7%	34.7%	14.0%	0.5%	12.0%
Premium China Fund	57.5%	-29.8%	29.9%	14.5%	-4.0%	9.5%
Templeton Global Equity Fund	17.5%	-11.2%	19.9%	10.7%	0.8%	6.9%
Vanguard Wholesale International Shares Index Fund	25.2%	0.7%	14.7%	15.4%	12.2%	13.4%
Vanguard Wholesale International Shares Index Fund (Hedged)	11.0%	-1.3%	20.6%	11.4%	6.5%	9.4%
Property Securities						
APN Property for Income Fund No. 2	18.4%	23.6%	-3.0%	11.0%	11.3%	11.9%
Ironbark Paladin Property Securities Fund	18.3%	24.1%	-4.6%	16.0%	16.3%	13.6%
Legg Mason Martin Currie Property Securities Trust	20.3%	21.0%	-4.9%	10.2%	5.4%	10.0%
Pendal Property Investment Fund	19.7%	23.7%	-4.8%	12.2%	23.5%	14.3%
SG Hiscock Property Opportunities Fund	16.6%	18.5%	-1.2%	10.5%	3.7%	9.4%
Vanguard Wholesale Property Securities Index Fund	20.0%	24.4%	-5.5%	13.0%	19.3%	13.7%
Geared Funds						
Colonial First State Wholesale Geared Share Fund	13.0%	-2.1%	24.1%	30.7%	16.5%	15.9%
Fixed Income						
Aberdeen Standard Income-Focused Bond Fund	5.5%	6.7%	0.2%	3.2%	9.5%	5.0%
Janus Henderson Tactical Income Trust	2.8%	3.8%	2.7%	2.9%	3.3%	3.1%
Perpetual Wholesale Diversified Income Fund	3.5%	2.7%	5.3%	3.2%	3.2%	3.6%
Schroder Fixed Income Wholesale Class	3.9%	5.0%	0.7%	2.7%	9.0%	4.2%
Vanguard Australian Fixed Interest Index Fund	5.4%	6.8%	0.1%	2.8%	9.4%	4.8%
Vanguard International Fixed Interest Index Fund (Hedged)	6.0%	10.5%	-1.3%	2.1%	6.8%	4.7%

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
Fiducian Funds								
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 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 Mkts 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 2019

Note: The Trustee is required to advise asset allocation at both the latest and previous 30 June. (See 2018 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								
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%						
Capital Stable								
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%
Balanced								
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%		
Growth								
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%
Australian Shares								
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%			
Australian Smaller Company Shares								
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
International Shares								
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 W'sale International Shares Index Fund (Hedged)						100.0%		
Property Securities								
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%	
Geared Funds								
Colonial First State Wholesale Geared Share Fund	4.8%					95.2%		
Fixed Income								
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%					

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 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%	
Niko AM-Tyndall Australian Share Wholesale Fund	4.0%				94.9%		1.1%	
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%			
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 Int. Equities Fund	1.7%					98.3%		
Aberdeen Standard Emerging Opportunities Fund	2.1%					97.9%		
AMP Capital Wholesale Global Equity - Growth Fund	5.4%					94.6%		
AMP Capital Wholesale Global Equity - Value Fund	1.7%					98.3%		
Arrowstreet Global Equity Fund (Hedged)	4.1%					95.0%	0.9%	
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 W'sale 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%						
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%						
Vanguard International Fixed Interest Index Fund (Hedged)		1.2%	98.8%					

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 2019, 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
- 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
- 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 2019 were:

IMPUTATION PORTFOLIO

- Altium Ltd
- Aristocrat Leisure Ltd
- Challenger 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
- Woolworth Group Ltd
- Woodside Petroleum Ltd

GROWTH PORTFOLIO

- The A2 Milk Company Ltd
- AfterPay Touch Group Ltd
- Altium Ltd
- Carsales.Com Ltd
- CSL Ltd
- Macquarie Group Ltd
- Pandal Group Ltd
- Ramsay Health Care Ltd
- REA Group Ltd
- Rio Tinto Ltd
- Seek Ltd
- Westpac Banking Corporation
- WiseTech Global Ltd
- WorleyParsons 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

- Aurelia Metals Ltd
- Codan Ltd
- Credit Corp Group Ltd
- Integrated Research Ltd
- iSignthis Ltd
- Livetiles Ltd
- Over The Wire Ltd
- Nearmap Ltd
- People Infrastructure Ltd
- Pilbara Minerals Ltd
- Pinnacle Investment Management Ltd
- Pwr Holdings Ltd
- Volpara Health Technologies Ltd
- Webjet 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 2019

	2019	2018
	\$000	\$000
Superannuation Activities		
Interest income	358	376
Trust distributions	50,789	50,946
Dividend income	898	956
Net Changes in assets measured at fair value	28,041	81,658
Total Income from Superannuation activities	80,086	133,936
General administration expenses		
Administration and other service provider expenses	(21,545)	(20,300)
Total expenses	(21,545)	(20,300)
Results from superannuation activities before Income tax	58,541	113,636
Income tax benefit/(expense)	1,571	(6,434)
Results from superannuation activities after Income tax	60,112	107,202
Net benefits allocated to defined contribution members	(60,112)	(107,202)
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 2019 are available on request.

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	2019	2018
	\$000	\$000
Assets		
Cash and cash equivalents	54,172	52,145
Distributions receivable	39,314	41,758
Income tax receivable	2,720	1,357
Outstanding settlements	1,698	1,144
Financial Assets at fair value through profit and loss	1,356,282	1,256,954
Total assets	1,454,186	1,353,358
Liabilities		
Administration and other service provider fees	1,906	1,839
Deferred tax liability	10,359	4,007
Other accounts payable	58	65
Total liabilities excluding member benefits	12,323	5,911
Net assets available to pay member benefits	1,441,863	1,347,447
Member Benefits		
Allocated to members	1,435,158	1,340,539
Total member benefits	1,435,158	1,340,539
Net Assets	6,705	6,908
Equity		
Reserves	6,705	6,908
Total Equity	6,705	6,908

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 2019 are available on request.

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CHANGES IN MEMBER BENEFITS

For the year ended 30 June 2019

	2019	2018
	\$000	\$000
Opening balance of member benefits	1,340,539	1,149,275
Contributions received:		
Employer	14,757	14,243
Members	32,098	33,692
Transfers from other funds	102,488	139,840
Government co-contributions	42	48
Income Tax on contributions	(4,631)	(4,092)
Net after tax contributions	144,754	183,731
Benefits to members:		
Benefit Payments	(83,434)	(80,584)
Transfers to other funds	(26,067)	(19,419)
Net Insurance Premiums adjusted in members' accounts	(1,543)	767
Net Transfer (to)/from Reserves: Expense Reserve	797	(433)
Benefits allocated to members' accounts:		
Net Investment Income	80,086	133,936
Net Administration and other service provider expenses	(21,545)	(20,300)
Tax benefit/(expense)	1,571	(6,434)
	(50,135)	7,533
Closing balance of member benefits	1,435,158	1,340,539

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 2019 are available on request.

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Expense Reserve	Operational Risk Reserve	Total Equity
	\$000	\$000	\$000
Balance as at 30 June 2017	1,381	4,372	5,753
Transfer (to)/from members and payments to service providers	3	1,152	1,155
Balance as at 30 June 2018	1,384	5,524	6,908
Transfer (to)/from members and payments to service providers	(893)	690	(203)
Balance as at 30 June 2019	491	6,214	6,705

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 2019 are available on request.

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	2019	2018
	\$000	\$000
Cash flows from operating activities		
Interest received	358	376
Trust distributions received	53,233	40,532
Dividends received	898	956
Other income received	68	-
Administration and other service provider fees paid	(23,092)	(21,054)
Income taxes received	8,250	8,716
Net cash flows from operating activities	39,715	29,526
Cash flows from investing activities		
Proceeds from sale of unit trusts	156,046	80,236
Proceeds from sale of shares in listed companies	6,057	3,339
Proceeds from sale of fixed interest securities	207	420
Units in unit trusts purchased	(228,734)	(188,299)
Fixed interest securities purchased	(325)	(45)
Shares in listed companies purchased	(5,053)	(2,746)
Net cash flow from / (used in) investing activities	(71,802)	(107,095)

FINANCIAL ACCOUNTS

(CONT)

FIDUCIAN SUPERANNUATION SERVICE STATEMENT OF CASH FLOWS (CONT)

For the year ended 30 June 2019

	2019	2018
	\$000	\$000
Cash flows from financing activities		
Contributions received:		
Employer	14,757	14,243
Members	32,098	33,692
Transfers from other funds	102,488	139,840
Government co-contributions	42	48
Contributions tax paid	(4,631)	(4,092)
Net Transfer (to)/from Reserve	594	(723)
Net Premiums on term insurance policies (received)/paid	(1,729)	633
Benefits paid	(109,505)	(100,003)
Net cash flow from / (used in) financing activities	34,114	83,638
Net increase in cash and cash equivalents	2,027	6,069
Cash and cash equivalents at the beginning of the year	52,145	46,076
Cash and cash equivalents at the end of the year	54,172	52,145

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 2019 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	8	8	5	5	3	4	1	1
Brian Lacey	8	8	-	-	-	-	1	1
S.G. Venkatramani	7	8	5	5	-	-	-	-
Ross Martin	8	8	-	-	4	4	-	-
Frank Khouri	8	8	5	5	-	-	1	1
Sam Hallab	7	8	-	-	-	-	-	-
Mike Devlin	-	-	-	-	4	4	-	-
Jai Singh	-	-	-	-	4	4	-	-
Tony Breen	-	-	-	-	3	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, 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 2019 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

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.



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INTEGRITY • TRUST • EXPERTISE