

StatePlus Retirement Fund Annual Report 2016



Formerly State Super Financial Services



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STATEPLUS RETIREMENT FUND

State Super Financial Services Australia Limited trading as StatePlus (ABN 86 664 654 341) is the Trustee of the StatePlus Retirement Fund, which comprises of the following:

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

Chairman's Report

A milestone year

The year in review – 2015 / 2016 - will be marked as a significant and historical time for both StatePlus and First State Super. In June 2016, First State Super, one of Australia's largest superannuation funds, acquired StatePlus, one of the most highly regarded, qualified and trusted professional advice firms in the country.

The alignment of these two entities will ultimately create Australia's largest member-owned financial planning network. Our increased scale and membership, supported by a wider and deeper network of professional planners and relationship managers, will enable us to deliver improved service and quality advice to our clients.

Together, the combined business now has over \$70 billion in funds under management, with \$21 billion in retirement funds, and over 200 planners located across regional and metropolitan centres throughout Australia.



I have been the Chair of First State Super since 2014 and I'm also delighted to now be the Chair of StatePlus. I'm proud to say StatePlus remains a dynamic and energised business with a focus on delivering quality advice and client experiences.

One team, shared values & aspirations

StatePlus and First State Super share a common set of organisational values that stem from their shared heritage of delivering quality advice, superannuation and retirement solutions to public sector employees and their families. Both organisations are deeply connected in their common values and aspirations and together we intend to continue to bring you the highest-quality professional service and trusted financial advice.

I'm very confident in the leadership team of the business, very ably led by CEO Graeme Arnott. Graeme was the Deputy CEO of First State Super and so he is well-placed and supported to guide the team bringing the strengths of both businesses together.

Looking forward, our commitment to you continues

The year ahead will be filled with plenty of exciting developments and opportunity to deepen our relationships and extend the quality of service and advice we offer our most important stakeholders – our clients.

We're investing in our digital capability and technology platform to extend the ways you can access advice and service from us as well as to deepen and improve our ability to service and advise you across the relationships and channels you share with us.

I wish each and every one of you a successful year ahead and thank you for entrusting our organisation and our people with your valuable financial assets. We take this responsibility very seriously and we remain firmly committed to ensuring we provide you with the advice and services necessary to help you plan your future so that you can enjoy a fulfilling retirement.

Best wishes

Neil Cochrane

Company News

A year of change

During the financial year 2016, we experienced some of the most exciting developments in the 26-year history of StatePlus. In October 2015 we refreshed our brand, along with a new website stateplus.com.au. As of June this year First State Super is the new owner of StatePlus - you can read about this in the Chairman's Message.

Our new name StatePlus continues to reflect pride in our organisation's history. The reference to 'State' recognises our public sector heritage and expertise, while the 'Plus' reflects the future expansion of our capabilities and services. Our name and colours may have changed, but our commitment to you remains unchanged – to simplify financial advice so it can make a genuine and positive impact on your life.

Remaining steady through the effects of markets

The year was marked by a series of political events around the globe. We saw a surprise 'Brexit' referendum result supporting the departure of the United Kingdom from the European Union, and a very close result in the Australian federal election. Financial markets experienced volatility through the year and low interest rates, which made it a challenging time for investment market performance.

Even as we embrace change, our investment philosophy has remained unchanged. At StatePlus we're prudent about how we invest, and our priority continues to be managing risk while focusing on providing income for you. This approach has helped our portfolios deliver a steady performance through the ups and downs of markets.

If you're approaching retirement, or if you're relying on your savings to fund your lifestyle, managing your investments through these volatile times are even more important. We continue to focus on income in our portfolios, as we recognise that retirees have a greater need for security and certainty.

Regulatory changes that could affect you

As you would have noticed, superannuation changes dominated the headlines in the 2016 Federal Budget. The proposed changes could see higher-income earners paying more tax on their super, which affects their ability to save money in super for retirement. At the time of writing, some of these proposed changes are still being debated, for example, a reduction in the amount members will be able to contribute to super both concessional (pre-tax) and non-concessional (post-tax). Some of these measures will also apply to members of defined benefit funds.



What is certain, though, are changes to the pension assets test that will take effect from 1 January 2017. These changes may reduce the rate of pension paid to part-pensioners, or your pension may reduce. It's important to understand the exact rules that apply to your specific circumstance.

So if you're unsure about how all these changes affect you, and to find out if there's any action you need to take, it would be a good idea to see your financial planner.

Company News

Investing in digital technology



We're investing in technology to offer you more flexibility in how you access financial advice. Our research has shown that many clients would like to see a financial planner first, face-to-face, but then would like the option of being able to contact us through another channel, such as online or over the phone.

So in response to your feedback we will soon be launching a new StatePlus secure website. The new secure website will have features that make it easier for you to stay up-to-date with your account and your investments. To stay up-to-date with these changes, visit stateplus.com.au/updates

Working for a better future

This year we launched our first Sustainability Report which talks about how we're weaving sustainability factors into our business and its values through four key pillars: people and culture, property and buildings, investments, and corporate giving. We aim to manage environmental, social and governance (ESG) issues to improve portfolio outcomes and support sustainable development across a range of issues.

We now exclude direct investment in those companies involved in the manufacture of cigarettes and other tobacco products. We believe these investment decisions are likely to positively impact your future risk-adjusted returns in the portfolios. For more information on our ESG positioning visit stateplus.com.au/esg

Change in Auditor for the StatePlus Retirement Fund

Following the sale of StatePlus to First State Super, StatePlus was required to replace the Audit Office of NSW as the appointed independent auditor of the StatePlus Retirement Fund. On 19 September 2016 the Australian Securities and Investment Commission (ASIC) approved the appointment of Deloitte Touché Tohmatsu as the independent auditor to the Funds.

Your Trustees

As at 30 June 2016, there were no active policy committees. Following the sale of StatePlus, all policy matters were considered by the full Board.



› Neil Cochrane

Chairman of the Board

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

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

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

Appointed 6 June 2016



› Graeme Arnott

Chief Executive Officer

Graeme Arnott was appointed Chief Executive Officer of StatePlus after nine years as Chief Operating Officer and Deputy CEO at First State Super. Prior to this he spent 16 years in senior management roles at JP Morgan, having joined in 1991 after a period with Price Waterhouse. Graeme was awarded Chief Operating Officer of the Year by FEAL and LaTrobe Financial in 2013. He qualified as a Chartered Accountant in Scotland and holds a BSc from Strathclyde University.

Graeme was initially seconded to StatePlus as Interim CEO following the organisation's acquisition by First State Super in June 2016. As Deputy CEO at First State Super, he had overall responsibility for the delivery of operational, custodian, financial and administrative services to members and employers of the fund.

Appointed 1 October 2016



› Mark Lennon

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

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

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

Appointed 6 June 2016



› Sue Carter

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

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

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

Appointed 6 June 2016



› John Warburton

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

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

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

Appointed 6 June 2016

Your Trustees

› M. Monaghan

Ceased appointment 6 June 2016

› N. Johnson

Appointed 31 May 2016. Ceased appointment 6 June 2016

› J. Livianas

Appointed 31 May 2016. Ceased appointment 6 June 2016

› R. Hedley

Appointed 31 May 2016. Ceased appointment 6 June 2016

› P.K Gupta

Ceased appointment 31 May 2016

› F.J Pak-Poy

Ceased appointment 31 May 2016

› P.F. Scully

Ceased appointment 31 May 2016

› M. Walsh

Ceased appointment 31 May 2016

› R. Grellman

Appointed 21 December 2015. Ceased appointment 31 May 2016

› N. Milne

Appointed 3 March 2016. Ceased appointment 31 May 2016

› G. Vernados

Ceased appointment 25 February 2016

› A. Claassens

Ceased appointment 14 November 2015

› T. O'Grady

Ceased appointment 14 November 2015

Performance of the Funds

StatePlus Personal Retirement Plan

Returns of the Funds - Year ended 30 June 2016 (net of fees and taxes)

	1 yr % pa	2 yr % pa	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa	Since inception % pa	Inception Date
Cash	1.2	1.4	1.5	2.0	2.3	3.0	3.8	16/04/1990
Fixed Interest	3.8	3.7	4.0	-	-	-	4.4	20/07/2011
Capital Stable	3.1	3.4	3.6	3.9	4.4	3.9	5.6	19/04/1990
Moderate	3.5	4.8	5.7	-	-	-	6.0	20/07/2011
Balanced	3.2	5.6	7.1	7.0	8.1	4.7	6.6	22/04/1990
Growth	2.6	6.2	8.9	8.8	9.7	4.8	5.4	10/05/1997
Growth Plus	1.7	6.7	9.8	-	-	-	9.5	20/07/2011
Australian Equities	2.1	4.3	7.8	-	-	-	8.5	18/07/2011
International Equities	-0.3	8.1	11.1	-	-	-	11.9	26/07/2011

StatePlus Allocated Pension Fund and Term Allocated Pension Fund

Returns of the Funds - Year ended 30 June 2016 (net of fees and taxes)

	1 yr % pa	2 yr % pa	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa	Since inception % pa	Inception Date
Cash	1.6	1.7	1.7	2.2	2.6	3.4	4.1	29/01/1994
Fixed Interest	4.8	4.3	4.7	-	-	-	4.9	18/07/2011
Capital Stable	3.7	3.9	4.1	4.5	5.0	4.5	5.3	25/01/1994
Moderate	4.3	5.4	6.4	-	-	-	6.6	20/07/2011
Balanced	3.8	6.2	7.9	7.8	8.7	5.3	6.3	25/01/1994
Growth	2.8	6.9	9.7	9.4	10.2	5.2	6.2	10/05/1997
Growth Plus	2.7	7.4	10.8	-	-	-	10.9	18/07/2011
Australian Equities	3.1	5.2	9.0	-	-	-	7.7	20/07/2011
International Equities	-0.1	8.8	12.2	-	-	-	12.4	20/07/2011

Performance of the Funds

StatePlus Tailored Super Plan

Returns of the Funds - Year ended 30 June 2016 (net of fees and taxes)

	1 yr % pa	2 yr % pa	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa	Since inception % pa	Inception Date
Cash	1.8	2.1	2.1	-	-	-	2.1	2/04/2013
Fixed Interest	4.5	4.3	4.6	-	-	-	3.8	2/04/2013
Capital Stable	3.8	4.0	4.2	-	-	-	3.8	2/04/2013
Moderate	4.4	5.6	6.3	-	-	-	5.9	2/04/2013
Balanced	3.9	6.2	7.6	-	-	-	7.5	2/04/2013
Growth	2.8	6.9	9.3	-	-	-	9.0	2/04/2013
Australian Equities	3.4	5.3	8.5	-	-	-	6.5	2/04/2013
International Equities	0.9	9.1	12.0	-	-	-	11.9	2/04/2013

StatePlus Flexible Income Plan

Returns of the Funds - Year ended 30 June 2016 (net of fees and taxes)

	1 yr % pa	2 yr % pa	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa	Since inception % pa	Inception Date
Cash	2.1	2.2	2.3	-	-	-	2.2	2/04/2013
Fixed Interest	5.4	4.9	5.3	-	-	-	4.4	2/04/2013
Capital Stable	4.4	4.6	4.8	-	-	-	4.4	2/04/2013
Moderate	5.1	6.2	7.1	-	-	-	6.4	2/04/2013
Balanced	4.5	6.9	8.6	-	-	-	7.9	2/04/2013
Growth	3.6	7.6	10.4	-	-	-	9.9	2/04/2013
Australian Equities	4.1	6.1	9.7	-	-	-	7.4	2/04/2013
International Equities	0.6	9.5	13.0	-	-	-	11.1	2/04/2013

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

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

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

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

Inflation

	1 yr % pa	2 yr % pa	3 yr % pa	5 yr % pa	7 yr % pa	10 yr % pa
Cash	1.4	1.4	1.9	2.0	2.3	2.5

Important Information about your Super

Proposed changes to your super

The Federal Government has announced a number of proposals that, if made law, could have an impact on your retirement savings.

The Government has made a clear statement that the intention of superannuation is to “provide income in retirement to substitute or supplement the Age Pension” and plans to enshrine this objective in law. The result is that the Government is now aiming to restrict Australians from using the super system as an estate planning/wealth accumulation and transfer tool. The measures that were announced align with this new objective and aim to improve the sustainability, flexibility and integrity of the superannuation system.

It is important to note that these proposals may not become law or may be amended before coming into effect. For more information on the proposed changes, please visit treasury.gov.au or talk to your financial planner.

Proposed changes to super

- **Non-concessional contributions** – from 1 July 2017, the Government will lower the annual non concessional contributions cap to \$100,000 (currently \$180,000) and will introduce a new constraint such that individuals with a balance of more than \$1.6 million at the start of the financial year will no longer be eligible to make non concessional contributions (currently \$540,000 but proposed to reduce to \$300,000). Transitional arrangements will apply if an individual has not fully used their bring forward allowance before 1 July 2017.
- **Concessional contributions** – from 1 July 2017, it is proposed that the concessional contribution cap will reduce to \$25,000 per annum (subject to indexation) for everyone. Currently it is \$30,000 if you are under age 50 and \$35,000 if you are 50 or over during the financial year. Further, commencing 1 July 2018, in order to assist individuals who have had a break from the workforce, it is proposed any unused concessional contribution cap amounts can be carried forward on a rolling five year basis if your superannuation balance is under \$500,000.
- **Tax deductibility of personal contributions** – Another proposal to simplify the super system is from 1 July 2017 to allow anyone under the age of 65, and those aged 65 to 74 who meet the work test, to claim an income tax deduction for personal superannuation contributions up to the concessional contributions cap. Currently, you may only claim a tax deduction on your personal contributions if less than 10% of your earnings (i.e. assessable income, reportable fringe benefits and reportable employer superannuation contributions) is obtained as an employee.
- **Tax offset for spouse contributions** – Currently, a tax offset is available to you if you make a superannuation contribution for the benefit of your spouse, provided your spouse's income is not more than \$13,800. It is proposed that from 1 July 2017, the spouse income threshold be increased to \$40,000.
- **Higher contributions tax** – Currently, if your income for Division 293 surcharge purposes and certain contributions exceed \$300,000, an additional tax of 15% will be applied to your taxable concessional contributions. From 1 July 2017, the income threshold at which contributions incur an additional 15% tax is proposed to reduce to \$250,000.
- **Low Income Superannuation Tax Offset** – from 1 July 2017, it is proposed that the Low Income Superannuation Contribution (LISC) scheme will be replaced by a Low Income Superannuation Tax Offset (LISTO). If your income is below \$37,000, the LISTO will provide a refund into your superannuation account of the tax paid on your concessional contributions, up to a cap of \$500.

Proposed changes to super in retirement

- Transition to retirement income streams – In order to ensure transition to retirement income streams are used as originally intended, it is proposed that from 1 July 2017 transition to retirement income streams such as the Pre-Retirement Allocated Pension and Pre-Retirement Flexible Income Plan will no longer receive tax free earnings. Instead, earnings on transition to retirement income streams will be taxed at the same rate as superannuation funds in the accumulation phase, at up to 15%.
- Cap on funds transferred into pension phase – from 1 July 2017, it is proposed that a \$1.6 million transfer balance cap (indexed in line with the Consumer Price Index) will apply on the total amount of accumulated superannuation you can transfer into the pension phase. This will limit the amount of funds that you can transfer into the pension phase (across all accounts from all providers) to receive tax free earnings. Any existing amounts in excess of the cap will need to be withdrawn or transferred back into the accumulation phase, where earnings are taxed at up to 15%.

Tax on death benefits

- Removal of anti-detriment payments – from 1 July 2017, it is proposed that the ability for super funds to increase lump sum death benefits by making anti-detriment payments will cease.

Expiry of Temporary Budget Repair Levy

An additional 2% Temporary Budget Repair Levy is payable on taxable income over \$180,000. However, from 1 July 2017, the Temporary Budget Repair Levy will cease. This will effectively reduce a number of tax rates that are aligned to the top marginal tax rate from 49% back to 47% (including Medicare Levy).

Contributions tax rebate for low income earners

For low income earners there is little incentive to make concessional contributions to superannuation as income is effectively taxed at the same or lower rate. As such, the Government introduced the Low Income Super Contribution (LISC) of up to \$500 on all concessional contributions to individuals with an adjusted taxable income of up to \$37,000. The LISC will cease on 30 June 2016; however as part of the 2016 Federal Budget there is a proposal to replace it with the Low Income Superannuation Tax Offset (LISTO).

Terminal Illness Condition of Release

A member suffering from a terminal illness may be able to access their superannuation benefit. In order to gain unrestricted access to super benefits under this condition of release, members must have two medical practitioners (with at least one of the certifying practitioners a specialist in the area relating to the member's illness or injury) certify that they are likely to die within two years.

Investment Management

How do we manage your money in the unitised Funds?

We operate a multi-manager investment approach in which the assets of the unitised Funds are typically managed by external specialist investment managers, either directly or through a series of discrete investment trusts, of which we are the trustee. We regularly monitor the investment performance of each unitised Fund and the investment mandates of the investment managers. We may change investment managers from time to time without notice to you. The managers active as at June 30 2016 are shown on page 14. You can find an up to date list of investment managers by going to stateplus.com.au/fundmanagers.

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

Asset allocation ranges

For each Fund we have set a minimum and maximum amount that can be invested in each asset class, called the asset allocation range.

Strategic asset allocation

Each Fund has a medium to longer term target allocation of assets between the asset classes (called the strategic asset allocation for the Fund), based on the investment objective (goal) of that Fund. The strategic asset allocation for each fund, current as at 30 June 2016, is set out on page 16 to 23. We may review and vary a Fund's strategic asset allocation or asset allocation range from time to time, consistent with the investment objective of each Fund without notice to you. However, the strategic asset allocation will generally be within the asset allocation range. We regularly review the assets associated with each Fund and, where necessary, take steps to buy and sell assets to maintain each Fund around its strategic asset allocation, as adjusted by any strategic tilt (see below).

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

In July 2015 we updated the strategic asset allocation and asset allocation range for the Capital Stable, Moderate, Balanced, Growth and Growth Plus Funds. In this review we also reclassified the Enhanced Cash asset class as Australian Fixed Interest. At the same time we relabelled Global High Yield to High Yield Fixed Interest. These changes better reflect the true nature of these investments.

We made some further minor changes to the strategic asset allocations of the Capital Stable, Moderate, Balanced, and Growth and Growth Plus funds in February 2016.

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

Strategic tilting

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

In some circumstances, the asset allocation may be moved outside the asset allocation ranges. Typically this would be expected to occur where the trustee deems it necessary to respond to a market correction.

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

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

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

How is currency exposure managed?

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

On each Fund profile shown on pages 16 to 23 we show the currency exposure as a percentage. The percentage of currency exposure refers to the proportion of assets in a fund that is subject to foreign exchange rate movements. The remainder of the fund is either hedged back to, or denominated in, Australian dollars. For example if a fund has currency exposure of 15% then 85% of the fund is hedged back to, or denominated in, Australian dollars.

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

Derivatives

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

Environmental, social and governance issues

Our aim is to manage Environmental, Social and Governance (ESG) issues to improve portfolio outcomes and support sustainable development across a range of issues. Further developing our ESG positioning has been an area of focus for us over the past year. We've updated our Investment Beliefs and Principles to reflect our belief that, all other things being equal, improving the ESG profile of our portfolio assets will improve the long term, risk-adjusted performance of the fund. To find out more about what our ESG approach means for you visit stateplus.com.au/ESG

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

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

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

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

Investment Management

Investment Managers

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

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

Large assets

Table 1 shows the individual investments that are greater than 5% of the Fund as at 30 June 2016. For fixed income investments this includes all securities issued by the same issuer.

Table 1

Entity	Investment type	Exposure
Government of Australia	Fixed Income	6.6%

Table 2 shows all the entities that in aggregate represented more than 5% of the Fund as at 30 June 2016. These include all types of exposure to the entity e.g. shares, fixed interest securities or derivatives.

Table 2

Entity	Aggregate exposure
Government of Australia	10.2%
National Australia Bank	5.1%

Our custodian

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

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

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

Note

The investment information below are accurate as at 30 June 2016. Please refer to the StatePlus website and Your Fund Update for the latest news and information.

Investment Management

Investment options

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

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

Cash Fund			
Overall objective	To achieve rates of return consistent with the yield on the Bloomberg AusBond Bank Bill Index.		
Return objective ¹	To meet or exceed the returns of a cash benchmark net of investment fees and taxes over rolling 12 month periods.		
Investment strategy	Primarily invests ² in short term debt securities and term deposits with a maturity of less than one year. The short term debt securities are issued, guaranteed or otherwise supported by the Australian or State Governments of Australia (or their statutory authorities) or by Australian banks and authorised dealers in the short term money market. The term deposits are issued by Australian and international banks in Australian dollars and are not guaranteed by any Government entity. Investments may include futures, interest rate derivatives and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who seek secure returns from cash.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Fixed Rate Notes	100%	100%

1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated. The current benchmark is the Bloomberg AusBond Bank Bill Index. This index may be substituted for a similar benchmark index consistent with the overall objective of the Fund.

2. Through discrete investment trusts.

Fixed Term Fund

Overall objective	To provide a fixed rate of return over the selected term with the initial investment paid at maturity.		
Investment strategy	Invests in fixed term and fixed rate interest bearing securities called Notes.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to lock in a fixed rate of return for the selected term of the investment.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Fixed Rate Notes	100%	100%

Fixed Payment Fund

Overall objective	To provide a fixed rate of return over the selected term with the initial investment paid monthly throughout the term.		
Investment strategy	Invests in fixed term and fixed rate interest bearing securities called Notes.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to lock in a fixed rate of return for the selected term of the investment and who wish to have their initial investment repaid over that term.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Fixed Rate Notes	100%	100%

Fixed Interest Fund

Overall objective	To invest in fixed interest securities and related instruments, which aim to provide ongoing income and the potential for modest capital growth over the medium term. Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	To meet or exceed the return of a blend of Australian fixed interest and Global fixed interest benchmarks net of investment fees and taxes over rolling 3 year periods.		
Investment strategy	Primarily invests ² in a broad range of Australian and overseas fixed interest investments. Investments may include currency, futures, interest rate derivatives and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to take moderate levels of risk with a modest potential for capital appreciation.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	70%	80.2%
	International Fixed Interest	30%	19.8%

1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated. The current benchmark is 50% Bloomberg AusBond All Maturities Composite Bond Index, 30% Bloomberg AusBond Bank Bill Index + 0.75% and 20% Bank of America Merrill Lynch Global Broad Market (100% hedged). The benchmark index, including the split between Australian and Global benchmarks, may be substituted for a similar benchmark index consistent with the overall objective of the Fund without prior notice.

2. Through discrete investment trusts.

Investment Management

Capital Stable Fund			
Overall objective	To maintain the value of investors' capital while achieving a higher rate of return over the medium term than could be achieved through investments in cash or short term money market securities. Capital gains can be achieved, but there is also the risk of capital loss. Accordingly, the value of investments in the Fund may fall as well as rise in line with the changing value of the assets of the Fund.		
Return objective ¹	CPI + 2.0% net of investment fees and taxes over rolling three year periods		
Investment strategy	Primarily invests ² in a diversified portfolio of defensive and growth assets including (but not limited to) cash, fixed interest securities, property, listed and unlisted shares and infrastructure assets. To maintain a low risk profile exposure to growth assets is constrained. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who seek some capital growth over the medium term while at the same time maintaining a relatively high level of capital security.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	56.1%	52.3%
	International Fixed Interest	0.0%	0.0%
	Cash	24.0%	21.4%
	Growth Assets		
	Australian equities	5.9%	6.0%
	International equities	3.8%	7.2%
	Property	7.5%	7.7%
	Infrastructure	0.0%	0.5%
	High yield fixed interest	0.0%	3.4%
	Alternatives	1.4%	1.5%
	Actual currency exposure	4.2%	7.3%

1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated.

2. Through discrete investment trusts.

Moderate Fund

Overall objective	To invest in a broad range of asset classes which have the potential to achieve moderate capital growth over the medium to longer term. Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	CPI + 3.0% net of investment fees and taxes over rolling four year periods		
Investment strategy	Primarily invests ² in a diversified portfolio of defensive and growth assets. Defensive assets include fixed interest securities and cash. Growth assets, include Australian and overseas listed shares, property, infrastructure securities and alternative assets. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who seek capital growth over the medium term and are willing to accept a moderate level of risk.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	38.5%	42.4%
	International Fixed Interest	10.0%	8.9%
	Cash	16.8%	8.4%
	Growth Assets		
	Australian equities	10.6%	10.0%
	International equities	11.5%	11.2%
	Property	5.2%	6.7%
	Infrastructure	1.9%	3.3%
	High yield fixed interest	1.9%	5.3%
	Alternatives	3.7%	3.8%
	Actual currency exposure	11.7%	11.1%

1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated.

2. Through discrete investment trusts.

Investment Management

Balanced Fund			
Overall objective	To invest in a broad range of asset classes which have the potential to achieve capital growth over the longer term. Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	CPI + 3.75% net of investment fees and taxes over rolling five year periods		
Investment strategy	Primarily invests ² in a portfolio of Australian and overseas investments including (but not limited to) Australian cash, fixed interest securities, property, unit trusts, listed shares, and alternative assets. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who are seeking higher returns and are willing to accept a higher level of risk.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	25.8%	27.3%
	International Fixed Interest	9.3%	7.5%
	Cash	10.1%	5.4%
	Growth Assets		
	Australian equities	18.7%	19.0%
	International equities	21.5%	22.1%
	Property	4.8%	5.5%
	Infrastructure	1.9%	2.4%
	High yield fixed interest	3.0%	5.8%
	Alternatives	4.9%	5.0%
	Actual currency exposure	19.1%	17.8%
	¹ The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated. ² Through discrete investment trusts.		

Growth Fund

Overall objective	To invest substantially in assets which achieve capital growth over the long term (7 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	CPI + 4.0% net of investment fees and taxes over rolling seven year periods		
Investment strategy	Primarily invests ² in a broad range of Australian and overseas investments with a strong bias on capital growth. Such investments include (but are not limited to) listed shares, property, alternative assets, interest bearing securities and deposits. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and are willing to accept a higher level of risk than the Balanced Fund.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	9.7%	8.9%
	International Fixed Interest	3.9%	3.9%
	Cash	7.2%	5.3%
	Growth Assets		
	Australian equities	30.2%	30.0%
	International equities	33.0%	34.5%
	Property	1.5%	3.0%
	Infrastructure	3.3%	2.6%
	High yield fixed interest	5.2%	5.7%
	Alternatives	6.0%	6.1%
	Actual currency exposure	28.5%	27.7%

1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated.

2. Through discrete investment trusts.

Investment Management

Growth Plus Fund ¹			
Overall objective	To invest in assets which achieve capital growth over the long term (10 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ²	CPI + 4.25% net of investment fees and taxes over rolling ten year periods		
Investment strategy	Primarily invests ³ in a broad range of high growth assets. Such investments include (but are not limited to) listed Australian and overseas shares, property, alternative assets and infrastructure securities. Investments may include currency, futures, interest rate derivatives, commodity derivatives, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and are willing to accept a higher level of risk than the Growth Fund.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Defensive Assets		
	Australian Fixed Interest	0.0%	0.0%
	International Fixed Interest	0.0%	0.0%
	Cash	4.4%	3.3%
	Growth Assets		
	Australian equities	36.7%	38.0%
	International equities	42.9%	41.9%
	Property	0.0%	0.0%
	Infrastructure	4.0%	4.4%
	High yield fixed interest	5.9%	6.2%
	Alternatives	6.1%	6.2%
	Actual currency exposure	35.9%	34.0%
<p>1. The Growth Plus Fund is only available in the Personal Retirement Plan and the Allocated Pension Fund</p> <p>2. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated.</p> <p>3. Through discrete investment trusts</p>			

Australian Equities Fund

Overall objective	To invest in Australian equities with the aim of achieving capital growth over the long term (10 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	To meet or exceed the return of the benchmark over rolling five year periods net of investment fees and taxes		
Investment strategy	Primarily invests ² in Australian equities. Investments may include futures, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and have a 100% exposure to Australian equities.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Growth Assets		
	Australian equities	100%	100%

1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated.
The current Benchmark is the FTSE ASFA Australia 300 Tax Exempt Index. The benchmark index stated may be substituted for a similar benchmark index consistent with the overall objective of the Fund.

2. Through discrete investment trusts

International Equities Fund

Overall objective	To invest in international equities with the aim of achieving capital growth over the long term (10 or more years). Capital gains can be expected to be achieved, but there is also the risk of capital loss.		
Return objective ¹	To meet or exceed the return of the benchmark over rolling five year periods.		
Investment strategy	Primarily invests ² in international equities. Investments may include currency, futures, options contracts and other derivatives. These derivatives may be used to reduce risk or to increase or decrease market exposure.		
Type of investor this option is intended to be suitable for	Designed to suit investors who wish to maximise long term investment returns and have a 100% exposure to international equities.		
Actual Asset Allocation		30 June 2015 Asset Allocation	30 June 2016 Asset Allocation
	Growth Assets		
	Australian equities	4.4%	4.5%
	International equities	95.6%	95.5%
	Actual currency exposure	82.7%	81.2%

1. The return objective is not a guarantee of performance. The actual return may vary up or down from the return objective stated.
The current benchmark is the MSCI AC World (ex Australia) (partly hedged) index. The benchmark index stated may be substituted for a similar benchmark index consistent with the overall objective of the Fund without prior notice.

2. Through discrete investment trusts

Management Fees

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

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

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

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

Additional Information

About the StatePlus Retirement Fund

The Retirement Fund has four divisions:

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

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

Indemnity Insurance Cover

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

Superannuation Contributions (Surcharge) Tax Liability

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

Unclaimed Money

If you reach age 65 and are eligible to claim your super, but we are unable to contact you to arrange payment, your super becomes unclaimed money and must be paid to the Australian Tax Office (ATO). This process takes place every six months.

The super of a temporary resident will become unclaimed and payable to the ATO after the person ceases to hold a temporary visa, has departed Australia and at least six months have passed. Relief from the Australian Securities and Investments Commission provides that we are not required to notify temporary residents or provide temporary residents with an exit statement where their benefit is paid to the ATO in these circumstances. Temporary residents who fail to claim their super when they depart, and consequently have unpaid super paid to the ATO, can later claim back their money at any time from the ATO.

To apply for any unclaimed benefits, contact:

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

Any Enquiries or Complaints?

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

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

Any complaint should be directed in writing and sent to the General Manager – Financial Planning, StatePlus, GPO Box 5336, Sydney NSW 2001.

We will respond to your complaint as quickly as possible and will make every effort to resolve your complaint within 45 days.

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

The SCT can be contacted from anywhere in Australia by calling 1300 884 114 or writing to Locked Bag 3060, Melbourne VIC 3001.

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

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

Financial Information

The abridged Operating Statement and Statement of Financial Position for the Retirement Fund are set out on the following pages.

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

- visiting our website at stateplus.com.au/ap and selecting the Annual Reports tab and finally, selecting Annual Report; or
- calling your nearest office, and we will send you a copy free of charge.

Abridged Operating Statement for the Financial Year Ended 30 June 2016

	2016 \$'000	2015 \$'000
INVESTMENT REVENUE		
Interest and other Income	12,965	12,700
Miscellaneous income	102	243
Distributions received	676,965	730,058
Realised gains/(losses) on disposal of investments	13,963	47,679
Change in net market value of investments	(29,243)	304,103
NET INVESTMENT REVENUE	674,752	1,094,783
CONTRIBUTION REVENUE		
Members' contributions	1,830,594	2,173,571
TOTAL CONTRIBUTION REVENUE	1,830,594	2,173,571
TOTAL REVENUE	2,505,346	3,268,354
EXPENSES		
Trustee fee	(154,001)	(150,417)
Other expense	(1,567)	(1,902)
TOTAL EXPENSES	(155,568)	(152,319)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX	2,349,778	3,116,035
Income tax (expense)/benefit	35,678	(5,331)
BENEFITS ACCRUED AS A RESULT OF OPERATIONS AFTER INCOME TAX	2,385,456	3,110,704

Abridged Statement of Financial Position as at 30 June 2016

	2016 \$'000	2015 \$'000
INVESTMENTS		
Investments in unit trusts	15,773,316	14,619,186
Investments in unlisted notes	445,909	236,368
TOTAL INVESTMENTS	16,219,225	14,855,554
OTHER ASSETS		
Cash at bank and at call	3,321	13,005
Distributions receivable	-	417,611
Interest receivable	-	39
Current tax asset	37,739	21,325
Sundry debtors	81,150	92,817
TOTAL OTHER ASSETS	122,210	544,797
TOTAL ASSETS	16,341,435	15,400,351
LESS LIABILITIES		
Creditors and accruals	96,128	94,696
Deferred tax liabilities	10,339	8,094
TOTAL LIABILITIES	106,467	102,790
NET ASSETS AVAILABLE TO PAY BENEFITS	16,234,968	15,297,561
LIABILITY FOR ACCRUED BENEFITS		
Allocated to members' accounts	16,194,485	15,258,772
Operational Risk Financial Reserves	40,483	38,789
TOTAL LIABILITIES FOR MEMBERS' BENEFITS	16,234,968	15,297,561

Operational Risk Financial Reserves

	2016 \$'000	2015 \$'000	2014 \$'000
Balance at the beginning of the financial year	38,789	33,032	17,077
Transfer from members' reserves	165	3,186	3,739
Unrealised Gains/(Losses) on ORR	1,529	2,571	2,216
Balance at end of the financial year	40,483	38,789	33,032

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

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

The Retirement Fund has an ORFR of approximately 0.25% as at 30 June 2016 (0.25%: 2015)

Directory

Client Administration Services	GPO Box 5336 Sydney NSW 2001		
Brisbane QLD	Level 10, 133 Mary Street, BRISBANE PO Box 15499 City East QLD 4002 Client Services: 07 3335 7055 Toll Free: 1800 357 085.	Parramatta NSW	Level 1, 90 Phillip Street, PARRAMATTA PO Box 966 Parramatta NSW 2124 Client Services: 02 8895 2355 Toll Free: 1800 626 000
Canberra City ACT	Level 9, Nishi Building 2 Phillip Law Street New Acton ACT 2601 PO Box 725 Civic Square ACT 2608 Client Services: 02 6232 2155 Toll Free: 1800 028 918	Penrith NSW	Level 3, 331 High Street, PENRITH PO Box 1014 Penrith NSW 2751 Client Services: 02 4724 4855 Toll Free: 1800 102 700
Canberra Woden ACT	Level 1, 10 Corinna Street, PHILLIP PO Box 49, Woden ACT 2606 Client Services: 02 6122 2855 Toll Free: 1800 502 100	Wollongong NSW	Level 4, 280-286 Keira Street WOLLONGONG PO Box 349 Wollongong East, NSW 2520 Client Services: 02 4231 2455 Toll Free: 1800 060 166
Melbourne VIC	Level 16, 440 Collins Street, MELBOURNE GPO Box 2817 Melbourne VIC 8060 Client Services: 03 8615 3055 Toll Free: 1800 805 233	Central Coast NSW	Level 2, 40 Mann Street, GOSFORD PO Box 354 Gosford, NSW 2250 Client Services: 02 4304 8255 Toll Free: 1800 801 965
Perth WA	Level 3, 197 St Georges Terrace PERTH PO Box 5657 Perth WA 6831 Client Services: 08 9214 4155 Toll Free: 1800 332 308.	Mid North Coast NSW	40 Gordon Street PORT MACQUARIE PO Box 2117 Port Macquarie, NSW 2444 Client Services: 02 6516 1455 Toll Free: 1800 676 839
Sydney Clarence St NSW	Level 9, 83 Clarence Street, SYDNEY GPO Box 5336 Sydney NSW 2001 Client Services: 02 9333 9500 Toll Free: 1800 222 211	North West NSW	17 White Street TAMWORTH PO Box 297 Tamworth, NSW 2340 Client Services: 02 6755 2055 Toll Free: 1800 248 609
Sydney Pitt Street NSW	Level 9, 175 Pitt Street, SYDNEY GPO Box 5058, Sydney NSW 2001 Client Services: 02 8295 7950 Toll Free: 1800 985 950	Northern Rivers NSW	193-199 River Street BALLINA PO Box 1078 Ballina, NSW 2478 Client Services: 02 6686 1655 Toll Free: 1800 656 474
Liverpool NSW	Level 3, 1 Moore Street, LIVERPOOL PO Box 137 Liverpool NSW 2170 Client Services: 02 8738 2555 Toll Free: 1800 899 315	South West NSW	14 Morrow Street WAGGA WAGGA PO Box 13 Wagga Wagga, NSW 2650 Client Services: 02 5908 1755 Toll Free: 1800 641 109
Newcastle NSW	Level 2, 22 Honeysuckle Drive, NEWCASTLE, PO Box 1765 Newcastle NSW 2300 Client Services: 02 4016 2255 Toll Free: 1800 807 855	Central West NSW	180 Anson Street ORANGE PO Box 2381 Orange, NSW 2800 Client Services: 02 5310 1855 Toll Free: 1800 803 708

Level 7, 83 Clarence Street, Sydney
GPO Box 5336 Sydney NSW 2001
1800 620 305
stateplus.com.au



Formerly State Super Financial Services