



2015 Annual Report for the Plum Superannuation Fund

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2 November 2015

Issued by the Trustee
PFS Nominees Pty Ltd
ABN 16 082 026 480
AFSL 243357

Funds
Plum Superannuation Fund
ABN 20 339 905 340 (Fund)
Plum Pooled Superannuation Trust
ABN 68 093 957 533 (Plum PST)

This Annual Report is an update on how your money is invested and a reminder of some of the things you should know. For an update on your investment options, login online into your member account or contact us on **1300 55 7586**.



Please note that the Fund information for the 2014-2015 reporting period is contained in:

- the 2015 Annual Report for the Plum Superannuation Fund; and
- the Plan Annual Report for the year ended 30 June 2015.

You should read both documents together.

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A year in review

The 2015 financial year was another year of solid performance, particularly for global share and property securities investors. Interest rates remained at historically low levels around the globe for much of the year, resulting in modest returns for fixed income investors. By keeping interest rates low, Central banks in many countries attempted to encourage investment in assets that generate economic growth.

While global economic growth improved, questions remained about the robustness of the recovery, and conditions varied widely across countries. Slowing demand from China for our commodities was a key driver of the modest returns from Australian shares this year.

With the unpredictability of the market, the rising cost of living and increased life expectancy, it's never been more important than now to ensure that you have a holistic wealth strategy in place – one that will ensure you live comfortably now and into your retirement.

We know that your needs change over time, that's why our super and insurance solutions are designed to grow with you. Our investment menu offers multi-class portfolios and single asset class funds, so you can tailor your investment strategy to suit your personal financial objectives and risk appetite. You can help protect your wealth and lifestyle with insurance, to achieve a wealth strategy to suit your needs in a cost effective way.

We continue to enhance the online tools available to you, to help you grow your wealth and save for your retirement.



Nicole Smith

Chair

PFS Nominees Pty Limited

Trustee of the Plum Superannuation Fund

Looking out for your interests

The directors of the Trustee Board have a variety of work and life experiences which help them represent your interests.

Made up of non-executive directors, the Trustee Board is responsible for the management of the Fund. The Trustee's duties include:

- providing investment choice
- ensuring your interests are maintained, and
- keeping you informed of any changes.

The Trustee Board has professional indemnity insurance, and has appointed Plum Financial Services Limited (ABN 35 081 812 731) to carry out the day-to-day administration of the Plum Superannuation Fund (Fund).

Meet the Board

The directors are:

Nicole Smith – Chair

BFA 1990, CA
GAICD

Michael Clancy

B Bus (Finance and Economics) 1992
CFA 1997

John Reid

B Sc. (Mathematics and Physics) 1971
FIA (UK) and FIAA
GAICD

Peggy O'Neal

BA (Virginia) 1973
JD (Virginia) 1976
Diploma of Superannuation Management (Macquarie) 1994
FAICD

Trevor Hunt

B Bus (Accounting and Economics) 1989

Evelyn Horton

B Economics 1986
Master of Social Sciences (Economics) 1995
GAID

Terry McCredden

B Commerce (Honours) 1978

Looking out for your interests

Trustee director movements

For this reporting period, there were no changes to Trustee directors.

Indemnity insurance

We are entitled to be indemnified against all liabilities that we may incur in the administration of the Fund, unless we have acted fraudulently, dishonestly, out of wilful misconduct or have breached a civil penalty provision under the relevant legislation or in other circumstances where an indemnity is not permitted at law.

We hold professional indemnity insurance in relation to our activities as Trustee.

Deed of guarantee

We are required by legislation to either maintain particular levels of capital, or to be entitled to the benefit of an approved guarantee. To meet this requirement, we have been provided with a Deed of Guarantee by the National Australia Bank Limited. We are entitled to a guarantee of up to \$5 million in respect of our duties as Trustee of the Fund and the Plum PST.

Operational risk reserve (ORR)

We are required to keep a financial reserve to cover any losses that members incur due to a breakdown in operations.

In order to maintain the reserve, an Operational risk reserve cost of up to 0.05% pa of your account balance may be charged in any year.

The ORR is invested in the investment option shown below.

Operational risk reserve investment strategy

Option	Proportion (%)
Pre-mixed Moderate	100%

The balance of the ORR at the end of the last three financial years is summarised below:

Year ended 30 June	Fund reserve (\$)
2015	10,596,817
2014	3,131,491
2013	n.a.

Annual audit

Each year we are audited by an independent company.

We're pleased to report we've met all our obligations and received a clean audit report.

Plan Policy Committee

If you are a member of an employer-sponsored plan, please refer to the Plan Annual Report for details of your Plan's Policy Committee.

Some things you should know

Eligible rollover funds (ERFs)

ERFs are approved by the Australian Prudential Regulation Authority (APRA). They generally have more conservative investments than other superannuation funds, which may result in lower long term returns.

If you are entitled to a benefit of less than \$2,000, you will be given 30 days (from the date we write to you after your employer notifies us that you have left employment) to advise us where to transfer your benefit. If you do not advise an alternative fund, we will pay your benefit to the Trustee's nominated ERF in the following 30 days. We may also transfer your benefit to the ERF in other circumstances permitted by law.

The ERF will hold your transferred benefit until you claim it. You will not have any claim against us once your benefit has been transferred to an ERF because your Fund membership will have ceased. Your insurance cover (if any) will cease. The rules of the ERF will govern your benefit once it has been transferred.

Our current ERF is the Australian Eligible Rollover Fund which can be contacted on **1800 677 424** or by writing to:

**Australian Eligible Rollover Fund
Locked Bag 5429
PARRAMATTA NSW 2124**

If your benefit is transferred to an ERF and if we can provide the ERF with your contact details, the ERF will provide you with its current Product Disclosure Statement (PDS). Alternatively, you can contact the ERF for a copy of its PDS.

The ERF will apply a different fee structure than that of the Fund. You should refer to the ERF's PDS for more information.

Unclaimed monies

We must pay your benefit to the ATO under the Superannuation (Unclaimed Money and Lost Members) Act 1999 in certain circumstances, including if:

- all the following apply to you:
 - you have reached the eligibility age specified in the regulations (currently 65)
 - we have not received a contribution on your behalf for at least two years, and
 - after a period of five years since we last contacted you, we are unable to contact you again after making reasonable efforts;
- it meets the definition of a 'small' or 'insoluble' lost member account, or
- you are a former temporary resident and we receive a written notice from the ATO directing payment to be made (refer below).

Temporary resident

If you are a former temporary resident, your lump sum benefit is taken to be unclaimed super monies if:

- you held a temporary visa that has ceased to have effect and you have left Australia
- it has been at least six months since the visa ceased to be in effect and/or you left Australia
- the Fund has received a Temporary Resident Notification from the ATO instructing the monies be transferred
- you are neither an Australian citizen nor a New Zealand citizen
- you are not a permanent resident or currently the holder of a temporary, permanent or prescribed visa, and
- you do not have an undetermined application for a permanent visa.

If you are a former temporary resident who has left Australia and your visa has expired or been cancelled, you can claim your superannuation from the Fund as a Departing Australia Superannuation Payment (DASP). Contact us on **1300 55 7586** for further information on how to initiate a DASP.

However, if you do not claim your benefit within six months of becoming eligible to do so, we will pay your benefit to the ATO if we receive a written notice from the ATO directing payment to be made. In this event, you have a right to apply to the Commissioner of Taxation for payment of the DASP.

The Australian Securities and Investments Commission (ASIC) has provided relief to superannuation trustees to the effect that a trustee is not obliged to notify, or give an exit statement to, a former temporary resident where the trustee pays unclaimed superannuation to the ATO in accordance with the applicable legislation requirements. We wish to rely on this relief. Consequently, members who are departed former temporary residents will not be notified in the event of their benefits being transferred to the ATO in these circumstances.

Administering your account

Trustee expenses

We may be reimbursed for costs and expenses relating to the establishment, operation, management, administration, investment and termination of the Fund including tax, insurance costs and any fees or charges imposed by, or paid by, the Fund.

In addition, we may retain all or a proportion of the interest earned on the Fund's bank accounts to pay trustee and Fund expenses. Any interest not retained may be distributed through the Plum PST as earnings.

We also have the right to be indemnified in certain circumstances for any liability incurred while acting as trustee.

Unpaid contributions

We work with employers to assist them in understanding their superannuation obligations. While we do this to assist both employers and members, you should ensure that all expected contributions are credited to your member account. If you have any queries regarding a possible contribution shortfall, please contact your employer or us on **1300 55 7586**.

Trust Deed amendments

An amendment was made to the Trust Deed in December 2014 relating to account based pensions. The amendment will allow the Trustee to offer account based pensions to all eligible members.

SIS compliance

No penalty was imposed against us or any director under the Superannuation Industry (Supervision) (SIS) Act 1993 during the reporting period.

Frequent switching

You should not invest in the Fund if you intend to switch your investments frequently in the pursuit of short-term gains.

We monitor all investment options for abnormal activity because this sort of activity can have adverse impacts for other members.

To maintain equity, the Trustee has the right to deal with members who frequently switch by:

- delaying, limiting or rejecting their future switch requests
- cancelling membership, or
- transferring their account balance to the Australian Eligible Rollover Fund.

How your money is invested

In this section we tell you how the Trustee invests your money

One of the Trustee's responsibilities is to make sure your investments are managed according to an agreed investment strategy and objective.

Investment strategy

Our investment strategy is to make available a range of investment options with different risk, return, liquidity and diversification profiles and to encourage members to choose an investment option, or combination of options, that best suit their personal circumstances. We generally invest your superannuation monies via the Plum PST, which in turn invests in the investment options of your choice.

The investment options allow investments in a diverse range of asset classes including international and Australian shares, property securities, fixed interest securities and cash.

Investment objective

Our investment objective is to provide a selection of investment options so you can invest according to your individual needs and circumstances.

Investment options

The investment options available may change at any time and information about the current investment options is available on our website.

For more detailed information about the current investment options including their investment objectives and investment returns, refer to the Investment Menu document. You can access the current Investment Menu by logging into your online member account or contact us on **1300 55 7586**.

You can also find more information about your investment returns on your Annual Statement.

Closed investment options

Some investment options are closed to investment by new members. However, members who already have units in closed investment options can make additional contributions to those options. If you are invested in a closed investment option, it will not be referred to in the current Investment Menu. However, further information is available about any closed investment options you are invested in, including investment objectives and recent investment performance, by logging into your online member account or contact us on **1300 55 7586**.

Investment managers

JANA

We've appointed JANA Investment Advisers (JANA) to advise us on our Investment Menu. It is one of the leading investment consultants in Australia with over A\$280 billion funds under advice and A\$40 billion funds under management (at 31 December 2014). JANA is a wholly owned subsidiary of National Australia Bank (NAB).

JANA employs experts in putting together portfolios for people. They structure portfolios to deliver more reliable returns in many potential market environments. And, as their view of world markets changes, they evolve the portfolios to manage new risks and capture new opportunities.

They have both internal investment management expertise, and the experience and resources to find some of the world's best investment managers.

And they provide regular insight and updates on the performance of the investment options.

How your money is invested

JANA's investment approach can be summarised as follows:

- JANA believes it is possible to reduce risk and outperform over the long term by taking advantage of occasional large divergences from fair value in investment markets.
- Through diligent hands-on research, it is possible to select managers capable of outperforming over the long term. While above-average ability in security selection is a prerequisite in most asset classes, managers must also exhibit a disciplined process and style and this should be reflected in the qualities and mindset of its personnel.
- To be of real value, research needs to be implemented with full commitment and not sit on the fence.

Investment managers

The Fund offers a wide range of investment options managed by the following investment managers.

Investment managers as at 30 June 2015

Antares Capital Partners Ltd

Arnhem Investment Management Pty Ltd

BlackRock Investment Management (Australia) Ltd

Capital Group

Carnegie Asset Management

Invesco Australia Ltd

JANA Investment Advisers Pty Ltd

Legg Mason Asset Management Australia Ltd

Maple-Brown Abbott Ltd

MLC Investments Ltd

Perpetual Investment Management Ltd

PIMCO Australia Pty Ltd

UBS Global Asset Management (Australia)

Vanguard Investments Australia Ltd

Derivatives

Derivatives may be used in any of the investment options.

Derivatives are contracts that have a value derived from another source such as an asset, market index or interest rate. There are many types of derivatives including swaps, options and futures. They are a common tool used to manage risk or improve returns.

Some derivatives allow investment managers to earn large returns from small movements in the underlying asset's price. However, they can lose large amounts if the price movement in the underlying asset is unfavourable.

Investment managers, have derivatives policies which outline how derivatives are managed. JANA's policy is available at plum.com.au/forms-publications.

We invest most of the assets of the Fund in the Plum PST, which in turn invests in the investment options of your choice. We do not invest directly in derivatives. Investments in derivatives may be made by the investment managers appointed by us as Trustee of the Plum PST, for the purposes of managing their portfolio (investment options).

The investment managers are not permitted to use financial derivatives to leverage the performance of the portfolio beyond that which could be obtained if derivatives were not used. At no time in the reporting period did our use of the derivative charge ratio exceed 5%.

Fund accounts

The abridged Fund accounts provided below have been taken from the Fund's Financial Report for the year ended 30 June 2015. A full copy of the Fund's audited Financial Report, the auditor's report and other relevant Fund information is available from us on request.

Plum Superannuation Fund

Statements of changes in net assets for the financial year ended 30 June

	2015 (\$'000)	2014 (\$'000)
Investment revenue		
Interest	2,245	2,530
Dividend and distribution income	2,352	4,160
Changes in the net market values of investments	1,580,004	1,818,635
Other investment revenue	1,666	2,035
Net investment revenue	1,586,267	1,827,360
Contribution revenue		
Employers' contributions	1,076,350	1,102,923
Members' contributions	68,281	49,709
Government co-contributions	253	308
Transfers from other funds	629,381	2,617,827
Total contribution revenue	1,774,265	3,770,767
Other income		
Group life insurance proceeds	54,314	50,142
Other revenue	5	0
Total other income	54,319	50,142
Total revenue	3,414,851	5,648,269
Benefits paid	1,938,081	1,680,528
Expenses		
Administration fees	66,133	55,815
Group life insurance premiums	78,877	73,642
Custody fees and investment management expenses	600	1,062
Other Trustee fees	563	56
Other operating expenses	4,214	18,182
Total expenses	150,387	148,757
Change in net assets before income tax	1,326,383	3,818,984
Income tax expense	136,142	142,997
Change in net assets after income tax	1,190,241	3,675,987
Change in net assets attributable to members of the fund	1,190,241	3,675,987
Net assets available to pay benefits and reserves at the beginning of the year	16,320,916	12,644,929
Net assets available to pay benefits and reserves at the end of the year	17,511,157	16,320,916

Fund accounts

Statements of net assets at 30 June

	2015 (\$'000)	2014 (\$'000)
Assets		
Cash and cash equivalents	56,041	82,721
Pooled superannuation trusts	15,594,224	14,310,555
Listed securities	461	411
Life insurance policies	1,955,616	2,057,728
Unlisted unit trusts	0	2,142
Investment sales receivables	73,736	52,144
Trade and other receivables	4,569	5,846
Deferred tax assets	0	1,419
Total Assets	17,684,647	16,512,966
Liabilities		
Trade and other payables	22,598	19,261
Benefits payable	13,579	30,030
Current tax liabilities	137,313	142,759
Total liabilities (excluding net assets available to pay benefits)	173,490	192,050
Net assets available to pay benefits and reserves	17,511,157	16,320,916
Represented by:		
Net assets available to pay benefits	17,492,626	16,309,346
Operational reserves	11,628	4,173
Self-insurance reserve	6,903	7,397
Net assets available to pay benefits and reserves	17,511,157	16,320,916



Contact us

Call us on **1300 55 7586** between 8am and 7pm AEST (8pm daylight savings time), Monday to Friday if you have any queries or concerns about your superannuation.

More information

If you would like more information or documents such as a Product Disclosure Statement, Financial Report, Actuarial Report extracts (if your Plan has defined benefits), or any other information about the Fund or Plan, please contact us on **1300 55 7586**.

You can also write to us:

Financial Services Limited
GPO Box 63
Melbourne VIC 3001