

Annual Report
IRIS Retirement Income

For the year ended 30 June 2016
Issued 31 October 2016



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The IRIS Retirement Income Annual Report for the year ended 30 June 2016 applies to the IRIS Super Income Stream and the IRIS Term Allocated Pension.

The Annual Report is intended to provide information of a general nature only. It has been prepared by Super Members Investments Limited (SMI), ABN 61 095 974 100, AFSL 231230, as Trustee of the IRIS Superannuation Fund (IRIS or Fund), ABN 88 556 625 125, which incorporates both the IRIS Super Income Stream and the IRIS Term Allocated Pension.

IRIS has provided all information it reasonably believes a member would need for the purpose of understanding the management, financial condition and the investment performance of the Fund.

You should obtain a copy of the latest Product Disclosure Statements (PDS) before making any investment decisions based on this information. For a free copy, please visit our website retirewithiris.com.au or call us on **1300 367 485**.

Report from the Chair

2015-16 has been another successful year for IRIS, with all investment options providing positive returns to members. Nine of the ten investment options outperformed their benchmarks, with the Property option returning 17.53 per cent.

These returns were achieved despite market volatility caused by global events, including fears of a rapid slowdown in the Chinese economy, and Brexit. Concerns about global growth are also expected to influence investment returns this year.

A vigorous public debate about superannuation and retirement savings featured prominently in the political arena, including the recent federal election. Understandably, changes in policy settings, particularly to the Age Pension rules, can be unsettling for IRIS members. I am pleased that over 300 members attended our seminars across Australia where we were able to provide information about changes to the Age Pension Asset Test that will take effect from 1 January 2017.

You can stay up to date with these and any further changes via our website, retirewithiris.com.au or by calling our Customer Service Centre on **1300 367 485**.

The Board is committed to managing costs closely. I am delighted that, from 1 January 2017, the administration fees for several investment options will be reduced. You can find the details at ifs.net.au/iris/corporate-governance. This is the second consecutive year we have been able to reduce fees in some investment options, while maintaining our service levels.

Finally, the Board and management thank you for the ongoing trust you place in us to manage your retirement savings.



Linda Rubinstein
Chair
Super Members Investments Limited
October 2016



Important changes to IRIS investments and to super income streams

Investment policy changes to IRIS investments effective 1 September 2016

The investment objectives, strategy, allocation ranges and benchmarks used for each IRIS investment option are regularly reviewed by the Trustee Board taking into account recommendations of its Investment Consultant, Frontier Advisors and its overarching responsibility as a trustee under the provisions of the Superannuation Industry (Supervision) Act 1993.

A Significant Event Notice (SEN) detailing the changes that were made to the objectives, strategic asset allocations, allocation ranges and benchmarks on 1 October 2015 was sent to all IRIS members with their Annual Member Statements.

The information provided in this Annual Report, reflects the situation as at 30 June 2016 i.e. prior to the 1 September changes.

Reduction in Administration fees from 1 January 2017

We review our fees periodically and are pleased to confirm that the Administration fees for the High Growth, Cash and Sustainable Australian Shares investment options will be reduced with effect from 1 January 2017:

Investment option	Admin fee deducted directly from your account (% p.a.)	
	Total account balance below \$250,000	Total account balance of \$250,000 and above
High Growth	0.97	0.92
Cash	0.27	0.22
Sustainable Australian Shares	0.97	0.92

Please note that all other IRIS investment options remain unchanged.

Age Pension assets test changes from 1 January 2017

From 1 January 2017, there will be changes to the Australian Government assets tests used to calculate Age Pensions.

The assets test free area is increasing. Currently, for every \$1,000 of assets you own over the assets test free area, your Age Pension is reduced by \$1.50 per fortnight. This is called the taper rate.

From 1 January 2017, your Age Pension will reduce by \$3 per fortnight for every \$1,000 of assets you own over the asset free area. This only applies if you are asset tested, rather than income tested.

This means your Age Pension entitlement may be reduced, increased or cancelled.

Further information

If you have any questions in regards to your IRIS Super Income Stream or IRIS Term Allocated Pension, please contact us on **1300 367 485** or email admin@retirewithiris.com.au.

The information in this Annual Report is general in nature and has been prepared without taking into account your objectives, financial situation or needs. Before investing in any product you should read the relevant Product Disclosure Statement (PDS) and consider the appropriateness of the product for your objectives, financial situation or needs.

If you would like to know more about these changes, or require personal advice, you will be referred to a financial planning representative of Industry Fund Services Limited 'IFS', ABN 54 007 016 195, AFSL No 232514.

SMI has engaged IFS to facilitate the provision of financial advice to members of IRIS. Advice is provided by one of our financial planners who are Representatives of IFS. Fees may apply. Further information about cost of advice is set out in the relevant Financial Services Guide, a copy of which is available by calling **1300 367 485**. IFS is responsible for any advice given to you by its Representatives.



IRIS Superannuation Fund investment options – at 30 June 2016

IRIS Diversified Options

Defensive

Investment Objective

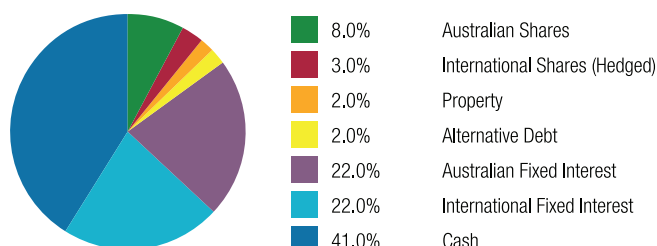
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 1.5% per annum (after tax)², on a rolling five year basis. This is expected to be achieved around 70% of the time. It aims to provide security (but not a guarantee) of capital invested, as well as limiting the likelihood of applying negative annual returns to one in fifty years (i.e. approx. 0.4 times in 20 years).³

Risk Level Very Low

Benchmark

The Defensive Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	5 – 20	8.87
International Shares (Unhedged)	0 – 10	2.46
International Shares (Hedged)	0 – 10	1.02
Property	0 – 10	1.55
Alternative Debt	0 – 5	3.04
Australian Fixed Interest	10 – 40	15.78
International Fixed Interest	10 – 40	15.80
Cash	20 – 60	51.48

Conservative

Investment Objective

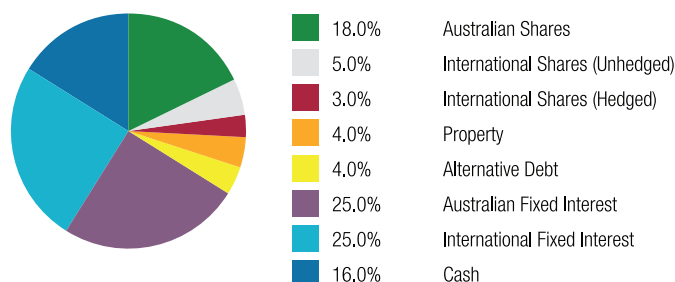
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 2.0% per annum (after tax)², on a rolling five year basis. This is expected to be achieved around 70% of the time. It aims to provide security (but not a guarantee) of capital invested as well as limiting the likelihood of applying negative annual returns to one in every ten years (i.e. approx. 2 times in 20 years).³

Risk Level Medium

Benchmark

The Conservative Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	10 – 30	19.85
International Shares (Unhedged)	0 – 10	7.42
International Shares (Hedged)	0 – 10	1.52
Property	0 – 10	3.05
Alternative Debt	0 – 10	6.11
Australian Fixed Interest	10 – 40	18.37
International Fixed Interest	10 – 40	18.40
Cash	10 – 30	25.27

¹ CPI = Consumer Price Index

² Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

³ This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

Growth

Investment Objective

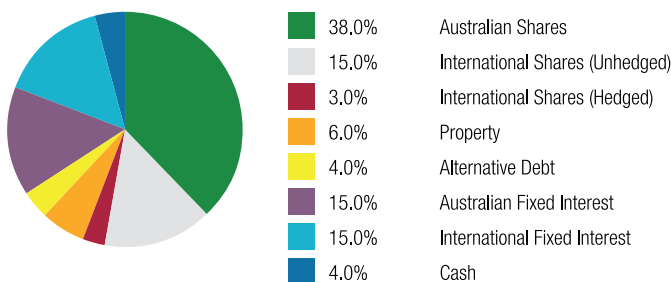
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 3% per annum (after tax)², on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Growth Option will invest a significant portion in growth assets such as shares and property. It aims to limit the likelihood of applying negative annual returns to one in every five years (i.e. approx. 4 times in 20 years).³

Risk Level High

Benchmark

The Growth Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	25 – 55	39.91
International Shares (Unhedged)	5 – 35	17.34
International Shares (Hedged)	0 – 20	2.60
Property	0 – 15	5.23
Alternative Debt	0 – 10	6.16
Australian Fixed Interest	5 – 25	9.71
International Fixed Interest	5 – 25	9.72
Cash	0 – 10	9.34

High Growth

Investment Objective

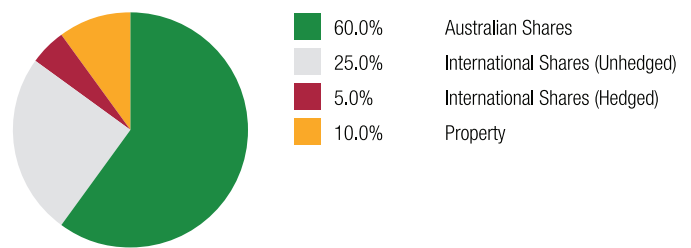
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 3.5% per annum (after tax)², on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the High Growth Option will predominantly invest in Australian and international shares. It aims to limit the likelihood of applying negative annual returns to one in every four years (i.e. approx. 5.7 times in 20 years).³

Risk Level High

Benchmark

The High Growth Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	40 – 80	61.02
International Shares (Unhedged)	10 – 40	29.77
International Shares (Hedged)	0 – 20	1.04
Property	0 – 20	5.17
Cash	0 – 10	3.00

¹ CPI = Consumer Price Index

² Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

³ This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

Sector Specialist Options

Cash

Investment Objective

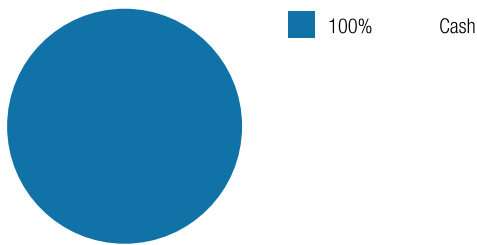
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 0.75% per annum (after tax)², on a rolling two year basis. This is expected to be achieved around 70% of the time. To achieve this, the Cash Option will predominantly invest in short term cash investments with minimal risk of capital loss. It aims to limit the likelihood of applying negative annual returns to a negligible level.

Risk Level Very Low

Benchmark

Bloomberg AusBond Bank Bills Index adjusted for the IRIS Cash Option Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Cash	100	100

Diversified Fixed Interest

Investment Objective

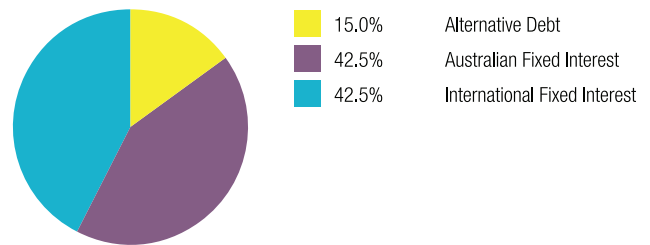
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 2.0% per annum (after tax)², on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Diversified Fixed Interest Option will predominantly invest in a diverse range of government and corporate bonds and alternative debt. It aims to limit the likelihood of applying negative annual returns to one in every twenty five years (i.e. approx. 0.8 times in 20 years).³

Risk Level Low

Benchmark

42.5% Bloomberg AusBond Composite Index, 42.5% Barclays Global Aggregate Bond Index (Hedged into AUD) and 15% Bloomberg AusBond Bank Bills Index plus 1% adjusted for the IRIS Diversified Fixed Interest Option Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Alternative Debt	0 – 25	9.96
Australian Fixed Interest	20 – 65	44.48
International Fixed Interest	20 – 65	44.55
Cash	0 – 10	1.01

¹ CPI = Consumer Price Index

² Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

³ This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

Property

Investment Objective

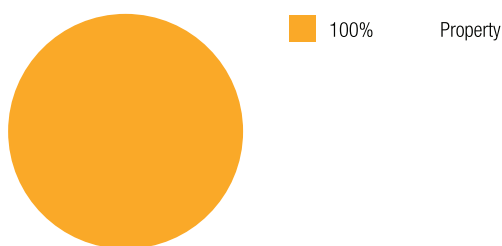
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 3% per annum (after tax)², on a rolling five year basis. This is expected to be achieved around 65% of the time. To achieve this, the Property Option will invest in both direct and indirect Australian and international property. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 6.7 times in 20 years).³

Risk Level Very High

Benchmark

FTSE EPRA/NAREIT Developed ex-Australia Rental Index (AUD hedged TR) adjusted for the IRIS Property Option Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Property	90 – 100	98.19
Cash	0 – 10	0.52

Australian Shares

Investment Objective

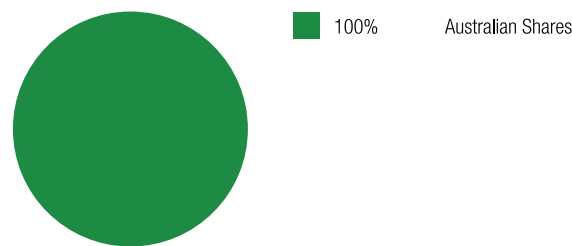
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 3.5% per annum (after tax)², on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Australian Shares Option will predominantly invest in Australian shares. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 6.7 times in 20 years).³

Risk Level Very High

Benchmark

S&P/ASX 200 Accumulation Index adjusted for the IRIS Australian Shares Option Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	90 – 100	98.99
Cash	0 – 10	1.01

¹ CPI = Consumer Price Index

² Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

³ This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

Sustainable Australian Shares

Investment Objective

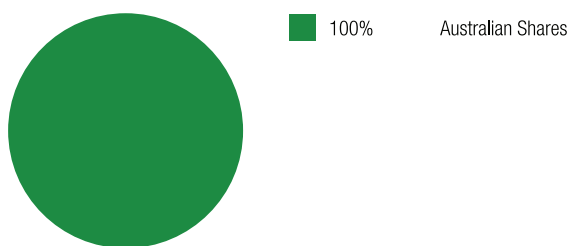
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 3.5% per annum (after tax)², on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Sustainable Australian Shares Option will predominantly invest in Australian shares that display environmental, sustainable and socially responsible features. It aims to limit the likelihood of applying negative annual returns to one in every three years (i.e. approx. 6.7 times in 20 years).³

Risk Level Very High

Benchmark

S&P/ASX 200 Accumulation Index adjusted for the IRIS Sustainable Australian Shares Option Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	90 – 100	98.35
Cash	0 – 10	1.65

International Shares

Investment Objective

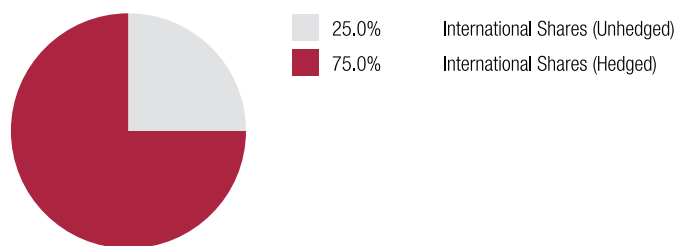
To achieve returns that exceed the inflation rate (change in the CPI)¹ by 3.5% per annum (after tax)², on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the International Shares Option will predominantly invest in international shares. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 6.7 times in 20 years).³

Risk Level Very High

Benchmark

25% MSCI World ex-Australia Index (unhedged in AUD) and 75% MSCI World ex-Australia Index (hedged into AUD) adjusted for the IRIS International Shares Option Administration fee.

Strategic Asset Allocation



Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
International Shares (Unhedged)	0 – 30	25.53
International Shares (Hedged)	0 – 90	73.34
Cash	0 – 10	1.13

¹ CPI = Consumer Price Index

² Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

³ This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

IRIS investment performance

IRIS Investment Options	Fund inception date	1 Year performance as at 30 June 2016		3 Year performance as at 30 June 2016		5 Year performance as at 30 June 2016	
		IRIS Performance	Benchmark performance	IRIS Performance	Benchmark performance	IRIS Performance	Benchmark performance
Defensive	01/03/1997	4.19%	4.30%	5.10%	4.83%	5.71%	5.08%
Conservative	01/03/1997	5.08%	5.01%	7.33%	6.96%	7.82%	7.16%
Growth	01/03/1997	3.88%	3.51%	9.29%	8.62%	9.57%	8.82%
High Growth	01/05/2001	1.57%	0.96%	10.20%	9.47%	10.12%	9.01%
Cash	01/07/2008	2.11%	1.84%	2.42%	2.11%	3.08%	2.70%
Diversified Fixed Interest	01/09/2004	7.61%	6.65%	6.72%	5.89%	7.47%	6.34%
Property	29/08/2003	17.53%	17.28%	12.47%	13.17%	14.13%	13.14%
Australian Shares	01/07/2008	2.23%	-0.29%	8.47%	6.71%	7.86%	6.43%
Sustainable Australian Shares	01/07/2008	7.01%	-0.59%	12.08%	6.51%	15.44%	6.25%
International Shares	01/07/2008	1.60%	-0.65%	14.05%	12.65%	13.60%	12.80%

Investment performance for each investment option is calculated by measuring the difference between the current end of month non transactional valuation and the prior period's end of month non transactional valuation.

A "non transactional valuation" is one that is not used for the processing of investor transactions and is calculated only for measuring investment performance and will differ from the valuations published on our website retirewithiris.com.au.

This is the performance applicable to investors who were investors at the beginning and the end of the period and who did not initiate any transactions during the period.

Past performance is not a reliable indicator of future performance and investments can rise and fall in value. Investment returns are not guaranteed as all investments carry some risk. Returns are quoted after fees and before taxes for the period shown. For the latest performance information, please visit our website retirewithiris.com.au or call us on **1300 367 485**.

Benchmarks

These are the benchmarks and their related weightings, to be used for investment comparison purposes for the IRIS Diversified Options. The benchmarks for the IRIS Sector Specialist Options are shown per option on pages 7 to 9.

Asset Class	High Growth	Growth	Conservative	Defensive	Benchmarks
Australian Shares	60.0%	38.0%	18.0%	8.0%	S&P/ASX 200 Accumulation Index
International Shares (Hedged)	5.0%	3.0%	3.0%	3.0%	MSCI World ex-AUS Index net divs (Hedged into AUD)
International Shares (Unhedged)	25.0%	15.0%	5.0%	0.0%	MSCI World ex-AUS Index net divs (Unhedged into AUD)
Property	10.0%	6.0%	4.0%	2.0%	FTSE EPRA/NAREIT Developed ex-Australia Rental Index (hedged AUD)
Alternative Debt	0.0%	4.0%	4.0%	2.0%	Bloomberg AusBond Bank Bills Index plus 1% p.a.
Australian Fixed Interest	0.0%	15.0%	25.0%	22.0%	Bloomberg AusBond Composite Bond Index
International Fixed Interest	0.0%	15.0%	25.0%	22.0%	Barclays Global Aggregate Bond Index (Hedged into AUD)
Cash	0.0%	4.0%	16.0%	41.0%	Bloomberg AusBond Bank Bill Index
Total	100%	100%	100%	100%	

How investment earnings are applied to your account

Investment returns (which may be positive or negative) are allocated to your account by ascertaining the value of the investment option/s in your account. The upward or downward movement in the value is applied to your account.

Valuing the investment options

The investments in your account are valued every Wednesday. Where Wednesday is not a business day in Melbourne, they are calculated on the next business day. By processing all transactions and buying and selling assets only once a week, we are able to keep the costs down.

The movement in value of an investment option is dependent on the underlying assets, liabilities, income (including imputation credits and other tax credits), taxes and other expenses. Movements in investment markets influence the underlying assets.

An earning rate is determined on a weekly basis for each investment option, based on these valuations.

Who manages your investments?

The Trustee engages Australian and International specialist investment managers to manage specific investment options or an allocated amount of money for an investment option. At the date of this Annual Report appointed investment managers are as listed in the following table.

Asset Class	Investment Manager
Australian Shares	IFM Investors Pty Ltd Perpetual Investment Management Ltd
International Shares	Blackrock Asset Management Australia Ltd
International Fixed Interest	Blackrock Asset Management Australia Ltd
Australian Fixed Interest	Blackrock Asset Management Australia Ltd IFM Investors Pty Ltd
Property	Vanguard Funds Management
Alternative Debt	IFM Investors Pty Ltd T Rowe Price International Ltd
Cash ¹	IFM Investors Pty Ltd ME Bank

¹ A cash float is held on deposit with the National Australia Bank which acts as Custodian for the Fund.

Financial statements

The summarised financial statements are derived from the audited accounts of the IRIS Superannuation Fund, which incorporates the IRIS Super Income Stream and the IRIS Term Allocated Pension. A copy of the audited accounts and associated audit report for the year ended 30 June 2016 can be obtained from our website at retirewithiris.com.au or by calling us on **1300 367 485**.

Operating Statement

	2016 (\$'000)	2015 (\$'000)
Investment revenue	22,980	44,382
Contribution revenue	6,040	16,020
Other revenue	1,145	1,599
Total revenue from ordinary activities	30,164	62,001
Less expenses from ordinary activities	4,958	5,654
Benefits accrued as a result of operations before income tax	25,206	56,347
Income tax benefit	2,313	3,058
Benefits accrued as a result of operations after income tax	27,519	59,405
(Increase)/Decrease in amounts not yet allocated	(14)	(11)
Benefits accrued as a result of operations	27,506	59,394

Statement of Financial Position

	2016 (\$'000)	2015 (\$'000)
Investments	494,674	539,766
Other assets	23,278	16,514
Total assets	517,952	556,280
Total liabilities	493	8,282
Net assets available to pay benefit	517,460	547,998
Represented by:		
Members' funds	516,678	547,556
Risk Reserve	742	416
Amounts not yet allocated to members	40	26

Statement of Cash Flows

	2016 (\$'000)	2015 (\$'000)
Cash flow from operating activities	(30,427)	(34,426)
Cash flow from investing activities	30,399	34,301
Net increase/(decrease) in cash held	(28)	(125)
Cash at beginning of reporting period	96	221
Cash at the end of reporting period	68	96

General information

How investment earnings are applied to your account

Interest earned on application monies is treated as earnings of IRIS and is retained by the Fund. Investment returns (which may be positive or negative) are allocated to your account by ascertaining the value of your chosen investment option(s) in your account. The upward or downward movement in the value is applied to your account.

The movement in value of an option is dependent on the underlying assets, liabilities, income (including imputation credits and other tax credits), taxes and other expenses. Movements in investment markets influencing the underlying assets.

Income payments

Your payment may be deducted from your IRIS account up to a week prior to the scheduled payment date. This is done to ensure we can make your income payment on time. In the interim, while the payment is yet to be made to your bank account, your IRIS account balance will be reduced, reflecting the payment having already been deducted.

For further information on income payments please refer to our PDS at retirewithiris.com.au.

We recommend you seek financial advice regarding any alterations to your income payments.

What information does IRIS send to Centrelink?

If you receive any entitlements from Centrelink, we may need to provide it with additional information, such as your total account balance as at 1 July as well as the frequency and amount of your income payment.

Communicating with you

IRIS endeavours to keep you informed with the latest news and information via mail and on our website. Communications you will receive throughout the year include:

Type of communication	When will you receive it?
Income Payment Details & PAYG Payment Summary	July
Annual Statement	September
Annual Report	Sept/Oct if requested
Confirmation of any change to your details	When a change has been processed
Centrelink Schedule	After every commutation/ withdrawal

Fees and charges to your IRIS account

We are committed to maintaining IRIS as a high quality, low-cost, member focused retirement income product.

The table below shows the Administration fees that were charged directly to members' accounts in 2015/16 depending upon their chosen investment options. These fees were different from the investment management costs which were deducted directly from the underlying investments.

Our simple fee structure covers costs incurred in the ongoing administration and investment of the product. No establishment or termination fees apply to any of the investment options and no commissions are paid to financial planners.

The Administration fee component does not include transaction costs. The Administration fee is charged to your account monthly in arrears based on the value of your account in the month.

IRIS Investment Option	Total account balance below \$250,000 p.a.	Total account balance of \$250,000 p.a. or above ¹
Defensive	0.90%	0.85%
Conservative	0.76%	0.71%
Growth	1.00%	0.95%
High Growth ²	1.10%	1.05%
Cash ²	0.40%	0.35%
Diversified Fixed Interest	0.55%	0.50%
Property	0.90%	0.85%
Australian Shares	0.80%	0.75%
Sustainable Australian Shares ²	1.15%	1.10%
International Shares	0.92%	0.87%

¹ If your account balance exceeds \$250,000 a reduced fee will apply to all your investment options.

² From 1 January 2017, fees will be reduced for these options. Refer to the Significant Event Notice dated 1 September 2016 on the IRIS website at retirewithiris.com.au for details.

Eligible Rollover Fund

If you become a lost member, the Trustee may transfer your balance to an Eligible Rollover Fund (ERF). The Trustee will treat a member as lost if at least two items of mail we sent you have been returned unclaimed. The ERF nominated by the Trustee for this purpose is AUSfund, ABN 85 945 681 973.

If your benefits are transferred to AUSfund, you will cease to be a member of, and cease to have any rights against IRIS. You should be aware that an ERF may not be a suitable long-term investment vehicle for you, as the investment performance and other features may be less favourable than those available from other funds.

To contact AUSfund, call **1300 361 798** or visit ausfund.com.au.

Complaints

We take complaints seriously and have procedures in place to address them. A complaint about your IRIS account will be dealt with in the first instance by the IRIS Retirement Income administrator. If you are not satisfied with the administrator's response and wish to lodge a complaint, please contact us directly on **1300 367 485** or write to us at:

Complaints Resolution Officer
IRIS Administration
Locked Bag 5129
Parramatta NSW 2124

Upon receipt of your complaint, we will:

- acknowledge the complaint promptly and inform you when to expect a response
- investigate the complaint in a timely manner
- respond to you in writing within 90 days of the date of receiving your complaint.

If after completing IRIS' internal complaints process you are not satisfied with the outcome, you may contact the Superannuation Complaints Tribunal (SCT) at:

Superannuation Complaints Tribunal
Locked Bag 3060
GPO Melbourne Vic 3001

Phone: **1300 884 114**
Email: **info@sct.gov.au**
Web: **www.sct.gov.au**

The SCT is an independent body established by the Federal Government. It helps members of super funds and their dependants resolve certain types of complaints about decisions made by fund trustees, where they cannot be resolved by the fund's complaints process.

Service providers

The external service providers throughout the year were:

Accountant:	Shared between Superpartners and Industry Fund Services
Administrator:	Superpartners ¹
Custodian:	National Australia Bank
External Auditor:	Deloitte Touche Tohmatsu
Investment Advisor:	Frontier Advisors

¹ From September 2016, the services provided by Superpartners are provided by Australian Administration Services (AAS).

Insurance and indemnification

SMI, the Trustee, has indemnity insurance in place. Insurance cover extends (subject to policy terms and conditions) to the conduct of representatives/employees who no longer work for IRIS but who did at the time the conduct occurred, and that could give rise to a claim for compensation. No insurance premiums are paid from the assets of the Fund for insurance cover provided to either SMI or the auditors of IRIS.

Related party transactions

No fees were paid to key management personnel of the Trustee out of the assets of the Fund during the period. The Trustee held no interest in the Fund at the end of the financial year.

Environmental regulations

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies or by the Trustee from time to time.

Risk reserve

The Trustee is required to establish and maintain an operational risk reserve. As a result, the Trustee of IRIS has established an operational risk reserve account within the Fund.

The purpose of a risk reserve is to provide a source of financial resources specifically to protect members' interests should an operational failure occur that results in losses to the Fund or to members.

An operational failure may occur due to inadequate or failed internal processes, people and systems or from external events. An inaccurate unit price to process a transaction is an example of an operational failure that could lead to a Fund or member loss, which may be addressed through the use of the operational reserve.

Privacy

The Trustee collects and uses your personal information to open and manage your account in the Fund, and to comply with the law. This may include your contact details, date of birth, superannuation interest and your Tax File Number, if you have chosen to disclose it.

If you do not provide your information to the Trustee, we may not be able to provide our services to you. You may also incur additional tax charges.

From time to time, the Trustee may share your personal information with other parties to provide our services to you, comply with the law and for other related purposes – such as direct marketing of other products and services that may be of interest to you. You may opt out of receiving direct marketing at any time by calling us on **1300 367 485** and advising us you do not wish to receive it.

The IFS Group Privacy Statement sets out how the Trustee manages and protects your personal information, and how you can access or update your information. A copy of the Statement is available from **retirewithiris.com.au**.

If you would like more information about the privacy requirements, you can contact the Australian Information Commissioner's hotline service on **1300 363 992** or visit **oaic.gov.au**.

Key management personnel

Directors

The directors of the SMI Trustee Board during the year were:

- Linda Rubinstein (since 2013, appointed Chair April 2016)
- Catharine Bowtell (resigned March 2016)
- Roberta Campo (since 2014)
- Paul Faure (since 2011)
- David Issa (since October 2015)
- Michael Migro (since 2012)

The Directors were appointed in accordance with the SMI Constitution. Copies of the relevant extract from the Constitution and also the Trust Deed are available on our website at retirewithiris.com.au.

Other key IFS management personnel

Name	Position	Employer
Catharine Bowtell	Chief Executive Officer (from April 2016)	IFS
John Meehan	Chief Financial Officer	IFS
Lisa Rayner	Executive Manager, Legal Governance and Insights	IFS
Andrew Steggall	Company Secretary	IFS
Bill Danaher	Chief Executive Officer (resigned December 2015)	IFS
David Vernon	Executive General Manager SMI and IFI (resigned August 2016)	IFS



IRIS Superannuation Fund

SPIN SMI0100AU
USI SMI0100AU
ABN 88 556 625 125

Trustee

Super Members Investments Limited
ABN 61 095 974 100
AFS Licence No. 231 230

Contact

IRIS Administration
Locked Bag 5129
Parramatta NSW 2124

T 1300 367 485
T if calling from overseas +61 3 9067 2526
W retirewithiris.com.au
E admin@retirewithiris.com.au

