

Annual Report  
**IRIS Retirement Income**

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For the year ended 30 June 2012  
Issued 31 October 2012



# Contents

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Report from the Chairman	3
IRIS investment performance	4
Changes to IRIS in 2012	5
Your IRIS investment	7
IRIS investment options - a snapshot	8
Financial statements	13
General information	14

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The IRIS Retirement Income Annual Report for the year ended 30 June 2012 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 ABN 61 095 974 100, AFSL 231230, the Trustee of the IRIS Superannuation Fund (IRIS), ABN 88 556 625 125, which incorporates both the IRIS Super Income Stream and the IRIS Term Allocated Pension. It has been prepared without taking into account your personal objectives, financial situation or needs.

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 assess your own situation and/or obtain independent financial advice and 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 [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or contact our Administration Service Centre on **1300 367 485**.

The information in this document is given in good faith and believed to be accurate. Super Members Investments Limited does not give any warranty or reliability on accuracy or accept any responsibility arising in any way including by reasons of negligence for any errors or omissions herein. Neither Super Members Investments Limited nor any service provider guarantees the investment performance or return of capital of any investment option.

# Report from the Chairman

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I am pleased to present the IRIS Retirement Income Annual Report for the year ended 30 June 2012.

In preparing my comments I revisited what I reported last year. Sadly, not a lot has changed in world financial markets.

They continue to provide great challenges for investors. Europe's debt crisis, the stalled United States' recovery and reports of a possible slow-down in China's remarkable growth story combine to create an uncertain future and to alarm nervous investors.

Thankfully, the Australian economy continues to perform well overall, if a little unevenly between sectors and regions. Wheat farmers are encouraged by the prospect of bumper harvest conditions with record prices – it is pleasing to think that they have something good to look forward to after a series of poor seasons and low prices.

Despite the tumultuous environment, our IRIS investment strategies continue to deliver good outcomes for members. As was the case last year, all investment options but one outperformed their benchmarks, and the one that fell short was by a small margin. They are results of which we are very proud.

We are also extremely proud of our staff – friendly, courteous and reliable are the words people use to describe the service they provide.

The full audited financial statements and auditor's report are available on request by contacting us.

If you require further information or would like to know more about IRIS, please visit our website at [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or contact our Administration Service Centre on **1300 367 485**.



**Sandy Grant**  
*Chairman*  
Super Members Investments Limited  
October 2012



# IRIS investment performance

The table below represents the annual performance of each IRIS investment option, relative to its benchmark for the year ended 30 June 2012:

IRIS Investment Option	Fund inception date	1 Year performance as at 30 June 2012		Name of Benchmark*
		IRIS performance	Benchmark performance	
<b>Defensive</b>	01/03/1997	6.73%	5.23%	A composite of the market index return of each asset class weighted by the Fund's strategic asset allocation and 60% Intech Conservative Growth Gross Investor Index and 40% UBS Australian Bank Bill Index
<b>Conservative</b>	01/03/1997	6.17%	4.97%	A composite of the market index return of each asset class weighted by the Fund's strategic asset allocation and Intech Conservative Growth Gross Investor Index
<b>Growth</b>	01/03/1997	1.75%	1.07%	A composite of the market index return of each asset class weighted by the Fund's strategic asset allocation and Intech Growth Gross Investor Index
<b>High Growth</b>	01/05/2001	-3.68%	-5.72%	A composite of the market index return of each asset class weighted by the Fund's strategic asset allocation and Intech High Growth Gross Investor Index
<b>Cash</b>	01/07/2008	4.55%	4.30%	UBSA Bank Bill Index
<b>Diversified Fixed Interest</b>	01/09/2004	13.49%	11.27%	50% UBSA Composite Bond All Maturities Index and 50% Barclays Global Aggregate Bond Index hedged into AUD
<b>Property</b>	29/08/2003	16.57%	9.11%	A composite of the market index return of each asset class weighted by the Fund's strategic asset allocation and 20% Intech Australian Unlisted Property Index, 40% S&P/ASX 300 Listed Property Accumulation Index and 40% UBS Global Real Estate Investors ex-Australia Index hedged into AUD
<b>Australian Shares</b>	01/07/2008	-6.87%	-7.71%	S&P/ASX 200 Accumulation Index
<b>Sustainable Australian Shares</b>	01/07/2008	8.25%	-7.86%	S&P/ASX 200 Accumulation Index
<b>International Shares</b>	01/07/2008	-1.31%	-1.13%	66.7% MSCI World ex-Australia Index (unhedged in AUD) and 33.3% MSCI World ex-Australia Index (hedged into AUD)

\*All benchmarks are adjusted for the relevant IRIS option's Management Fee

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 [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris).

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.

Investment performance is quoted net of fees and before taxes.

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. For the latest performance information please visit our website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or call us on **1300 367 485**.

## Important note regarding performance

The IRIS Fixed Interest Option benchmark performance returns for the periods ending June 2011 and July 2011 have been updated to correct an error in the previous calculations. As a result the benchmark for these time periods will differ from those previously published.

# Changes to IRIS in 2012

## Exciting changes to the IRIS website in 2012

The IRIS website has undergone a major upgrade and relocated to: [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris)

This change was undertaken to improve your access to the services and resources of Industry Fund Services (the parent company of IRIS' Trustee) – one of the largest providers of financial services, products and advice to the members of industry super funds and unions.

We hope that you are enjoying this easier access to the full range of market updates, commentaries, financial information and services that are located on the site.

## Renaming of LUCRF Pensions

On 9 May 2012, the Trustee of the IRIS Superannuation Fund, of which the LUCRF Pensions is a sub-division, approved an amendment to the Trust Deed that saw the LUCRF sub-division renamed the IRIS sub-division with effect from 18 June 2012.

This change was designed to ensure a more consistent approach to the branding of our pension products and to reflect the underlying Fund in which it has always been invested.

Other than the new name and branding there is no change to the product in which LUCRF Pension members were invested. Their accounts will continue to operate in exactly the same manner as they always have.

## Changes to the investment objectives

We regularly review the investment objectives and strategy of the divisions of IRIS to ensure that they remain appropriate. Following on from our most recent review, we made the following changes to the investment objectives of five of the investment options for both the IRIS Super Income Stream and the IRIS Term Allocated Pension. These changes were approved by the Trustee and the replacement investment objectives took effect from 16 August 2012. The changes align the relevant objectives with recent Australian Prudential Regulatory Authority guidance to superannuation funds.

IRIS Investment Option	Investment Objective (prior to review)	New Investment Objective
<b>Growth</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3% per annum (before tax), on a rolling five 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).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3% per annum (after tax***), 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. 4 times in 20 years).**
<b>High Growth</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling seven 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 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***), 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 times in 20 years).**
<b>Australian Shares</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling seven 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. 5.7 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***), 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. 5.7 times in 20 years).**



IRIS Investment Option	Investment Objective (prior to review)	New Investment Objective
<b>Sustainable Australian Shares</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling seven year basis. This is expected to be achieved around 70% of the time. It is also designed to provide investors with exposure to a portfolio of Australian shares that is biased towards socially responsible companies. To achieve this, the 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. 5.7 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***), 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 and a half years (i.e. approx. 5.7 times in 20 years).**
<b>International Shares</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling seven 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. 5.7 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***), 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. 5.7 times in 20 years).**

\* CPI= Consumer Price Index

\*\* 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.

\*\*\* 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.

## Change to investment managers

For the 2011/2012 financial year, the following changes to investment managers have been made:

Asset Class	Investment manager
<b>International Shares</b>	Capital International Inc – Removed
<b>Property</b>	BlackRock Asset Management Australia Ltd – Replaced by Industry Funds Management
<b>Property</b>	Vanguard Investments Australia Limited – Added

## Change to management cost estimates

There was a change to a component of the estimated management costs effective from 16 August 2012.

The following table shows the change to the range of estimated management costs that may be deducted from your investment earnings and our estimate of the actual costs for 2012/13 against each investment option.

IRIS Investment Option	Estimated management costs that are deducted from investment earnings (%)	
	% Range	Estimated actual costs for 2012/2013 (%)
<b>Defensive</b>	0.04 to 0.08	0.045
<b>Conservative</b>	0.04 to 0.08	0.045
<b>Growth</b>	0.04 to 0.08	0.045
<b>High Growth</b>	0.04 to 0.08	0.045
<b>Cash</b>	0.04 to 0.08	0.045
<b>Diversified Fixed Interest</b>	0.04 to 0.08	0.045
<b>Property</b>	0.04 to 0.08	0.045
<b>Australian Shares</b>	0.04 to 0.08	0.045
<b>Sustainable Australian Shares</b>	0.04 to 0.08	0.045
<b>International Shares</b>	0.04 to 0.08	0.045

For more details about this cost, please refer to the PDS.

The cost of administering your individual account is deducted directly from your account at the end of each month. This cost is detailed under 'Fees & charges to your IRIS account' section on page 14 of this Report.

## Change in transaction costs

In order to ensure that the transaction costs charged to members when transacting are an accurate estimation of the actual costs, we undertake a regular review of what is charged by the underlying investment managers. The updated transaction costs from 1 May 2012 are detailed in the table below.

IRIS Investment Option	Estimate transaction costs (buy costs)	Estimate transaction costs (sell costs)
<b>Defensive</b>	0.08%	0.10%
<b>Conservative</b>	0.14%	0.15%
<b>Growth</b>	0.17%	0.18%
<b>High Growth</b>	0.19%	0.19%
<b>Cash</b>	0.00%	0.00%
<b>Diversified Fixed Interest</b>	0.13%	0.17%
<b>Property</b>	0.23%	0.23%
<b>Australian Shares</b>	0.15%	0.15%
<b>Sustainable Australian Shares</b>	0.15%	0.15%
<b>International Shares</b>	0.25%	0.25%

Transaction costs are fees paid to external investment managers and not to the Trustee of IRIS. They are in place to ensure that the costs of buying and selling assets are met by those members actually transacting.

The transaction costs shown may differ from what is disclosed in the current IRIS Super Income Stream and IRIS Term Allocated Pension Product Disclosure Statements issued 2 May 2011.

## Earning rate error

As a result of our ongoing reviews of the IRIS earning rates, we identified two instances where incorrect earning rates were calculated during 2011/2012. All members who made a transaction with an effective date of 13 July 2011 and/or 5 October 2011 were impacted by application of incorrect earning rates.

A credit adjustment was made to member accounts and the adjustment was disclosed separately on member statements.

The adjustment amount will be treated as income and will form part of your pension account balance.

## Your IRIS investment

### Who manages the investments?

IRIS uses 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 our investment managers are as follows:

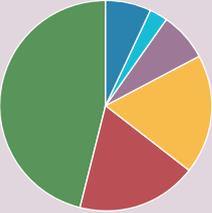
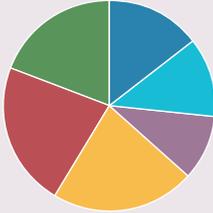
Asset class	Investment manager
<b>Australian Shares</b>	Industry Funds Management Perpetual Investment Management Ltd**
<b>International Shares</b>	BlackRock Asset Management Australia Ltd
<b>International Fixed Interest</b>	BlackRock Asset Management Australia Ltd
<b>Australian Fixed Interest</b>	BlackRock Asset Management Australia Ltd Industry Funds Management Pentagon Capital Ltd
<b>Property</b>	Eureka Funds Management Ltd Industry Funds Management Vanguard Investments Australia Ltd
<b>Cash*</b>	Industry Funds Management

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

\*\*Perpetual Investment Management Limited is currently the investment manager relevant to the Sustainable Australian Shares Option.

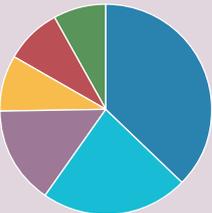
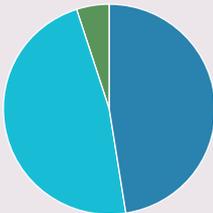
# IRIS investment options – a snapshot

The IRIS retirement products offer you a range of ten investment options. Their structure and objectives are outlined below (including updates to the investment objectives and investment managers of a number of investment options noted in this Report).

	IRIS Defensive Option	IRIS Conservative Option																								
<b>Investment Objective</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 2.0% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. It also 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 50 years. (i.e. approx. 0.4 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 2.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% of the time. It also 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).**																								
<b>Risk/Return Profile</b>	Low	Moderate																								
<b>Allocation Ranges</b>	<table border="1"> <tr><td>Australian Shares</td><td>2 - 12%</td></tr> <tr><td>International Shares</td><td>0 - 8%</td></tr> <tr><td>Property</td><td>5 - 10%</td></tr> <tr><td>Australian Fixed Interest</td><td>10 - 25%</td></tr> <tr><td>International Fixed Interest</td><td>10 - 25%</td></tr> <tr><td>Cash</td><td>40 - 50%</td></tr> </table>	Australian Shares	2 - 12%	International Shares	0 - 8%	Property	5 - 10%	Australian Fixed Interest	10 - 25%	International Fixed Interest	10 - 25%	Cash	40 - 50%	<table border="1"> <tr><td>Australian Shares</td><td>10 - 20%</td></tr> <tr><td>International Shares</td><td>7.5 - 17.5%</td></tr> <tr><td>Property</td><td>5 - 15%</td></tr> <tr><td>Australian Fixed Interest</td><td>15 - 30%</td></tr> <tr><td>International Fixed Interest</td><td>15 - 30%</td></tr> <tr><td>Cash</td><td>12.5 - 22.5 %</td></tr> </table>	Australian Shares	10 - 20%	International Shares	7.5 - 17.5%	Property	5 - 15%	Australian Fixed Interest	15 - 30%	International Fixed Interest	15 - 30%	Cash	12.5 - 22.5 %
Australian Shares	2 - 12%																									
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International Fixed Interest	15 - 30%																									
Cash	12.5 - 22.5 %																									
<b>Actual Asset Allocation as at 30 June 2012</b>	 <table border="1"> <tr><td>Australian Shares</td><td>7.1%</td></tr> <tr><td>International Shares</td><td>2.9%</td></tr> <tr><td>Property</td><td>7.2%</td></tr> <tr><td>Australian Fixed Interest</td><td>18.5%</td></tr> <tr><td>International Fixed Interest</td><td>18.9%</td></tr> <tr><td>Cash</td><td>45.4%</td></tr> </table>	Australian Shares	7.1%	International Shares	2.9%	Property	7.2%	Australian Fixed Interest	18.5%	International Fixed Interest	18.9%	Cash	45.4%	 <table border="1"> <tr><td>Australian Shares</td><td>14.6%</td></tr> <tr><td>International Shares</td><td>12.4%</td></tr> <tr><td>Property</td><td>10.0%</td></tr> <tr><td>Australian Fixed Interest</td><td>22.9%</td></tr> <tr><td>International Fixed Interest</td><td>22.6%</td></tr> <tr><td>Cash</td><td>17.5%</td></tr> </table>	Australian Shares	14.6%	International Shares	12.4%	Property	10.0%	Australian Fixed Interest	22.9%	International Fixed Interest	22.6%	Cash	17.5%
Australian Shares	7.1%																									
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\*CPI = Consumer Price Index

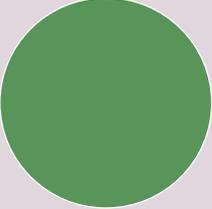
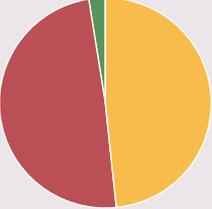
\*\* This is the estimated frequency of negative returns over a 20 year period. It is an average based on set of long term capital market assumptions and the frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment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

	IRIS Growth Option	IRIS High Growth Option																		
<b>Investment Objective</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3% per annum (after tax***) 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 provide security (but not a guarantee) of capital invested, as well as to limit the likelihood of applying negative annual returns to one in every five years (i.e. 4 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***) 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. 5 times in 20 years).**																		
<b>Risk/Return Profile</b>	Moderate to High	High																		
<b>Allocation Ranges</b>	<table border="1"> <tr><td>Australian Shares</td><td>32.5 - 47.5%</td></tr> <tr><td>International Shares</td><td>17.5 - 27.5%</td></tr> <tr><td>Property</td><td>10 - 20%</td></tr> <tr><td>Australian Fixed Interest</td><td>5 - 15%</td></tr> <tr><td>International Fixed Interest</td><td>5 - 15%</td></tr> <tr><td>Cash</td><td>2.5 - 12.5%</td></tr> </table>	Australian Shares	32.5 - 47.5%	International Shares	17.5 - 27.5%	Property	10 - 20%	Australian Fixed Interest	5 - 15%	International Fixed Interest	5 - 15%	Cash	2.5 - 12.5%	<table border="1"> <tr><td>Australian Shares</td><td>32.5 - 62.5%</td></tr> <tr><td>International Shares</td><td>32.5 - 62.5%</td></tr> <tr><td>Cash</td><td>0 - 10%</td></tr> </table>	Australian Shares	32.5 - 62.5%	International Shares	32.5 - 62.5%	Cash	0 - 10%
Australian Shares	32.5 - 47.5%																			
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<b>Actual Asset Allocation as at 30 June 2012</b>	 <table border="1"> <tr><td>Australian Shares</td><td>37.2%</td></tr> <tr><td>International Shares</td><td>22.5%</td></tr> <tr><td>Property</td><td>15.0%</td></tr> <tr><td>Australian Fixed Interest</td><td>8.6%</td></tr> <tr><td>International Fixed Interest</td><td>8.7%</td></tr> <tr><td>Cash</td><td>8.0%</td></tr> </table>	Australian Shares	37.2%	International Shares	22.5%	Property	15.0%	Australian Fixed Interest	8.6%	International Fixed Interest	8.7%	Cash	8.0%	 <table border="1"> <tr><td>Australian Shares</td><td>47.5%</td></tr> <tr><td>International Shares</td><td>47.6%</td></tr> <tr><td>Cash</td><td>4.9%</td></tr> </table>	Australian Shares	47.5%	International Shares	47.6%	Cash	4.9%
Australian Shares	37.2%																			
International Shares	22.5%																			
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International Fixed Interest	8.7%																			
Cash	8.0%																			
Australian Shares	47.5%																			
International Shares	47.6%																			
Cash	4.9%																			

\*CPI = Consumer Price Index

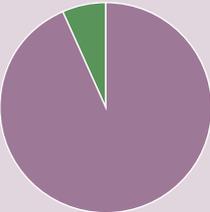
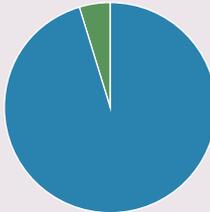
\*\* This is the estimated frequency of negative returns over a 20 year period. It is an average based on set of long term capital market assumptions and the frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment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

\*\*\* 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.

	IRIS Cash Option	IRIS Diversified Fixed Interest Option								
<b>Investment Objective</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 1% per annum (before tax), on a rolling five 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.	To achieve returns that exceed the inflation rate (change in the CPI*) by 2.5% per annum (before tax), 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).**								
<b>Risk/Return Profile</b>	Low	Low								
<b>Allocation Ranges</b>	<table border="1"> <tr> <td>Cash</td> <td>100%</td> </tr> </table>	Cash	100%	<table border="1"> <tr> <td>Australian Fixed Interest</td> <td>40 - 60%</td> </tr> <tr> <td>International Fixed Interest</td> <td>40 - 60%</td> </tr> <tr> <td>Cash</td> <td>0 - 10 %</td> </tr> </table>	Australian Fixed Interest	40 - 60%	International Fixed Interest	40 - 60%	Cash	0 - 10 %
Cash	100%									
Australian Fixed Interest	40 - 60%									
International Fixed Interest	40 - 60%									
Cash	0 - 10 %									
<b>Actual Asset Allocation as at 30 June 2012</b>	 <table border="1"> <tr> <td>Cash</td> <td>100%</td> </tr> </table>	Cash	100%	 <table border="1"> <tr> <td>Australian Fixed Interest</td> <td>48.5%</td> </tr> <tr> <td>International Fixed Interest</td> <td>49.0%</td> </tr> <tr> <td>Cash</td> <td>2.5%</td> </tr> </table>	Australian Fixed Interest	48.5%	International Fixed Interest	49.0%	Cash	2.5%
Cash	100%									
Australian Fixed Interest	48.5%									
International Fixed Interest	49.0%									
Cash	2.5%									

\*CPI = Consumer Price Index

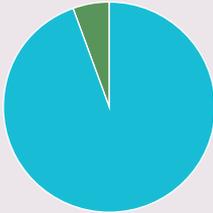
\*\* This is the estimated frequency of negative returns over a 20 year period. It is an average based on set of long term capital market assumptions and the frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment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

	IRIS Property Option	IRIS Australian Shares Option								
<b>Investment Objective</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.0% per annum (before tax), on a rolling five year basis. This is expected to be achieved around 70% 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 four years. (i.e. approx. 5 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***), 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. 5.7 times in 20 years).**								
<b>Risk/Return Profile</b>	High	High								
<b>Allocation Ranges</b>	<table border="1"> <tr> <td>Property</td> <td>90 - 100%</td> </tr> <tr> <td>Cash</td> <td>0 - 10%</td> </tr> </table>	Property	90 - 100%	Cash	0 - 10%	<table border="1"> <tr> <td>Australian Shares</td> <td>90 - 100%</td> </tr> <tr> <td>Cash</td> <td>0 - 10%</td> </tr> </table>	Australian Shares	90 - 100%	Cash	0 - 10%
Property	90 - 100%									
Cash	0 - 10%									
Australian Shares	90 - 100%									
Cash	0 - 10%									
<b>Actual Asset Allocation as at 30 June 2012</b>	 <table border="1"> <tr> <td>Property</td> <td>93.5%</td> </tr> <tr> <td>Cash</td> <td>6.5%</td> </tr> </table>	Property	93.5%	Cash	6.5%	 <table border="1"> <tr> <td>Australian Shares</td> <td>95.3%</td> </tr> <tr> <td>Cash</td> <td>4.7%</td> </tr> </table>	Australian Shares	95.3%	Cash	4.7%
Property	93.5%									
Cash	6.5%									
Australian Shares	95.3%									
Cash	4.7%									

\*CPI = Consumer Price Index

\*\* This is the estimated frequency of negative returns over a 20 year period. It is an average based on set of long term capital market assumptions and the 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.

\*\*\* 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.

	IRIS Sustainable Australian Shares Option	IRIS International Shares Option								
<b>Investment Objective</b>	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***), 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 and a half years (i.e. approx. 5.7 times in 20 years).**	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (after tax***), 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. 5.7 times in 20 years).**								
<b>Risk/Return Profile</b>	High	High								
<b>Allocation Ranges</b>	<table border="1"> <tr> <td>Australian Shares</td> <td>90 - 100%</td> </tr> <tr> <td>Cash</td> <td>0 - 10%</td> </tr> </table>	Australian Shares	90 - 100%	Cash	0 - 10%	<table border="1"> <tr> <td>International Shares</td> <td>90 - 100%</td> </tr> <tr> <td>Cash</td> <td>0 - 10 %</td> </tr> </table>	International Shares	90 - 100%	Cash	0 - 10 %
Australian Shares	90 - 100%									
Cash	0 - 10%									
International Shares	90 - 100%									
Cash	0 - 10 %									
<b>Actual Asset Allocation as at 30 June 2012</b>	 <table border="1"> <tr> <td>Sustainable Australian Shares</td> <td>94.7%</td> </tr> <tr> <td>Cash</td> <td>5.3%</td> </tr> </table>	Sustainable Australian Shares	94.7%	Cash	5.3%	 <table border="1"> <tr> <td>International Shares</td> <td>94.5%</td> </tr> <tr> <td>Cash</td> <td>5.5%</td> </tr> </table>	International Shares	94.5%	Cash	5.5%
Sustainable Australian Shares	94.7%									
Cash	5.3%									
International Shares	94.5%									
Cash	5.5%									

\*CPI = Consumer Price Index

\*\* This is the estimated frequency of negative returns over a 20 year period. It is an average based on set of long term capital market assumptions and the 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.

\*\*\* 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.

# Financial statements

The Financial statements as summarised 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 2012 can be obtained by contacting the IRIS Administration Service Centre on **1300 367 485**.

## Operating Statement

	2012 (\$)	2011 (\$)
Investment revenue	21,041,576	47,756,158
Contribution revenue	11,776,479	13,672,391
Other revenue	202,818	67,112
<b>Total revenue from ordinary activities</b>	<b>33,020,873</b>	<b>61,495,661</b>
<b>Less</b> expenses from ordinary activities	4,980,485	5,570,232
Benefits accrued as a result of operations before income tax	28,040,388	55,925,429
Income tax benefit	3,796,868	3,661,703
Benefits accrued as a result of operations after income tax	31,837,256	59,587,132
(Increase) / decrease in amounts not yet allocated	3,521,647	(1,027,196)
Benefits accrued as a result of operations	35,358,903	58,559,936

## Statement of Financial Position

	2012 (\$)	2011 (\$)
Investments	531,158,610	537,751,694
Other assets	13,499,074	52,597,310
Total assets	544,657,684	590,349,004
Total liabilities	1,022,941	1,024,071
Net assets available to pay benefits	543,634,743	589,324,933
<b>Represented by:</b>		
Member's funds	543,482,805	585,651,348
Amounts not yet allocated to members	151,938	3,673,585

## Statement of Cash Flows

	2012 (\$)	2011 (\$)
Cash flows from operating activities	(6,793,083)	(40,501,212)
Cash flows from investing activities	6,358,854	39,954,262
Net (decrease)/increase in cash held	(434,229)	(546,950)
Cash at beginning of reporting period	804,653	1,351,603
Cash at the end of reporting period	370,424	804,653



## General information

### How investment earnings are applied to your account

Interest earned on application monies is treated as earnings of the IRIS Superannuation Fund 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 influence the underlying assets.

### Income payments

Your payment may be deducted from your IRIS account the week prior to the scheduled payment date. This is done to ensure we can make your payment either prior to, or on the day of your designated payment date. In this situation, 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 the PDS.

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 them with additional information, such as your total account balance as at 1 July as well as the frequency and amount of your income payment.

### Fees & charges to your IRIS account

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

The following table shows the management cost component that is charged directly to individual accounts depending on each individual investment option.

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 management cost component does not include transaction costs.

The management cost is charged to your account each month in arrears based on the value of your account in the relevant investment option on the last day of the month.

IRIS Investment Option	Total account balance below \$250,000 p.a.	Total account balance of \$250,000 p.a. or above
<b>Defensive</b>	0.90%	0.85%
<b>Conservative</b>	0.95%	0.90%
<b>Growth</b>	1.00%	0.95%
<b>High Growth</b>	1.10%	1.05%
<b>Cash</b>	0.40%	0.35%
<b>Diversified Fixed Interest</b>	0.75%	0.70%
<b>Property</b>	0.90%	0.85%
<b>Australian Shares</b>	1.00%	0.95%
<b>Sustainable Australian Shares</b>	1.15%	1.10%
<b>International Shares</b>	1.15%	1.10%

Note: If your account balance exceeds \$250,000, then the reduced fee as set out above in column 3 applies to all of your investment options.

### Communicating with you

IRIS endeavours to keep you informed with the latest news and information via mail and on our website. For a guide on the various types of communication you will receive throughout the year, please refer the below table:

Type of communication	When will I receive it?
<b>Income Payment Details &amp; PAYG Payment Summary</b>	July
<b>Annual Statement</b>	September
<b>Annual Report</b>	September/October
<b>Confirmation of any change</b>	When a change has been processed
<b>Centrelink Schedule</b>	After every commutation/ withdrawal

## 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 have a complaint, please contact us directly on **1300 367 485** or write to us at:

**Complaints Resolution Officer**  
**IRIS Administration**  
**Locked Bag 200**  
**Carlton South Vic 3053**

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 780 808**  
**Email: [info@sct.gov.au](mailto:info@sct.gov.au)**  
**Web: [www.sct.gov.au](http://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: **Superpartners Pty Ltd and Industry Fund Services Limited**  
Administrator: **Superpartners Pty Ltd**  
Custodian: **NAB Asset Servicing**  
External Auditor: **Deloitte Touche Tohmatsu Limited**  
Investment Advisor: **Frontier Advisors**

## 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 2 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.

To contact AUSfund, call **1300 361 798** or visit

## [unclaimedsuper.com.au](http://unclaimedsuper.com.au)

If your benefits are transferred to AUSfund, you will cease to be a member of, and cease to have any rights against, the IRIS Super Fund. 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.

## Insurance and Indemnification

The Trustee, Super Members Investments Limited, has taken out indemnity insurance. No insurance premiums are paid from the assets of the Fund for insurance cover provided to either Super Members Investments Limited or the auditors of IRIS.

## Related Party Transactions

No fees were paid to key management personnel of the Trustee during the period out of the assets of the Fund. 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.

## Reserves

The IRIS Superannuation Fund does not presently maintain reserves but retains the right to do so in the future, if that is deemed to be in the best interests of members.

## Key Management Personnel

### a) Directors

The names of the directors of the Trustee during or since the end of the financial year are:

- Paul Faure
- Meroe Pinnell
- Anthony Beck
- Graeme Grant
- Jack Diamond
- Michael Migro (appointed 3 January 2012)

Directors were appointed in accordance with the Trust Deed. Copies of the Trust Deed are available upon request.

### b) Other key management personnel

Name	Position	Employer
Kay Thawley*	Chief Executive Officer	IFS
David Vernon	General Manager	IFS

\*Resigned 8 August 2012.

## **IRIS Superannuation Fund**

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SPIN SMI0100AU  
ABN 88 556 625 125

## **Trustee**

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

## **Contact**

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IRIS Administration  
Locked Bag 200  
Carlton South VIC 3053

T 1300 367 485  
W [ifs.net.au/retirement/iris](https://ifs.net.au/retirement/iris)  
E [admin@retirewithiris.com.au](mailto:admin@retirewithiris.com.au)

