

Annual Report
IRIS Retirement Income

For the year ended 30 June 2013
Issued 31 October 2013



Contents

Report from the Chairman	3
IRIS investment performance	4
Changes to IRIS in 2013	5
Your IRIS investment	7
IRIS investment options - a snapshot	8
Financial statements	13
General information	14

The IRIS Retirement Income Annual Report for the year ended 30 June 2013 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), 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 ifs.net.au/retirement/iris or call us on **1300 367 485**.

Report from the Chairman

I am pleased to present the IRIS Retirement Income Annual Report for the year ended 30 June 2013.

During 2012/13 world financial markets and changing conditions in Australia continued to present challenges for investors. Europe's debt situation did not improve, and China's growth began to slow but this was offset by the financial stimulus provided to the Japanese and United States economies with both showing signs of recovery.

At home, the drop in the Australian dollar's exchange rate was influenced by those factors and others such as the slowing of expansion in the resources sector. However, improvement in some trading and weather conditions sparked new life into some areas of Australian manufacturing and also led to increased exports in some areas of agriculture and growth in the services sector. Conversely, some geographic, service and industrial sectors of the Australian economy remain under pressure.

In this challenging, volatile and uncertain world economic climate, IRIS continued to perform well. This reflects the investment strategies that continue to deliver strong returns for IRIS Members. For the third year in a row, all investment options but one have outperformed their benchmarks, and the one that fell short was by a small margin. Over five years, IRIS also outperformed all its investment benchmarks in all options but one.

Major changes were made by legislation to superannuation during the year. Those changes were designed to enable accumulation funds to offer simple, low cost super solutions and to improve the productivity and strengthen the overall integrity of the super system.

Many of those changes were fully implemented in 2012/13 but some will be implemented in 2013/14 and future years. The Trustee of IRIS has met all current requirements in respect of the management of IRIS and will do everything possible to ensure that all future requirements are met.

The Federal Government's prescribed age-based Minimum Annual Payments for super income streams, which had been reduced in 2010/11 and 2012/13, have now reverted to normal levels.

The Board wishes to again thank all the staff who continue to deliver such a friendly, reliable and efficient service to IRIS Members.

If you would like further information about IRIS, including the full audited financial statements and auditor's report, please visit our website at ifs.net.au/retirement/iris or contact us on **1300 367 485**.



Sandy Grant
Chairman
Super Members Investments Limited
October 2013



IRIS investment performance

Table 1 represents the annual performance of each IRIS investment option, relative to its benchmark for the year ended 30 June 2013:

Table 1

IRIS Investment Option	Fund inception date	1 Year performance as at 30 June 2013		Name of Benchmark*
		IRIS Performance	Benchmark performance	
Defensive	01/03/1997	6.57	5.68	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
Conservative	01/03/1997	10.99	10.00	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
Growth	01/03/1997	18.90	17.81	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
High Growth	01/05/2001	25.60	24.41	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
Cash	01/07/2008	3.64	2.88	UBSA Bank Bill Index
Diversified Fixed Interest	01/09/2004	3.92	2.94	50% UBSA Composite Bond All Maturities Index and 50% Barclays Global Aggregate Bond Index hedged into AUD
Property	29/08/2003	16.78	17.24	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
Australian Shares	01/07/2008	22.81	21.75	S&P/ASX 200 Accumulation Index
Sustainable Australian Shares	01/07/2008	34.49	21.60	S&P/ASX 200 Accumulation Index
International Shares	01/07/2008	29.20	29.17	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.

The performance figures shown are 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 or call us on 1300 367 485.

Changes to IRIS in 2013

Changes to investment objectives

All the IRIS investment options' investment objectives returns are determined based on an after tax calculation. 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 investment option. The revised investment objectives for each investment option are detailed on pages 8 to 12 of this Annual Report.

Changes to the Risk/Return Profile of investment options

In order to help members readily distinguish the characteristics of each investment strategy, we have adopted the seven level risk labelling system preferred by the Australian Prudential Regulation Authority (APRA). The seven labels reflect the estimated number of negative annual returns over any 20 year period.

Each of the Investment Options on pages 8 to 12 of this Annual Report shows the Risk/Return Profile consistent with the risk labelling system shown in Table 2.

Table 2

Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very Low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or Greater

Management costs changes

Management fees and costs consist of two components which are explained in Table 3. As management costs can vary from year to year for many reasons, changes were made to component 2 of IRIS's management costs in 2013 to show an estimated range rather than specific figure. Component 2 is deducted from each investment option before net earnings are applied to your account. The current management costs set out in Table 3 apply to each of the investment options.

Table 3

Management Costs		
The fees and costs for managing your investment.	<p>Between 0.35% to 1.15% p.a. depending on your selected investment option/s and your total account balance.</p> <p>The amount you pay for a specific investment option is set out on page 29 of the IRIS Super Income Stream PDS and page 31 of the IRIS Term Allocated Pension PDS.</p> <p>PLUS</p> <p>The estimated fees set out in Table 4 on page 6 of this Annual Report.</p>	<p>This component of management costs (component 1) is calculated on the account balance of the selected investment option/s, at the end of each month, and deducted in arrears directly from your account.</p> <p>If you withdraw in full from an investment option before the end of the month, you will be charged a proportional monthly management fee for that investment option.</p> <p>This component of management costs (component 2) is deducted from each investment option before net earnings are applied to your account.</p>

Management cost estimates - component 2

The estimated costs applying from 16 August 2012 were 0.045% in respect of all investment options. This includes operating expenses, such as audit fees, government taxes and charges, and direct legal charges, paid directly from the Fund. You are not charged this fee directly as it is deducted from the Fund's investment earnings. Nevertheless, this component is an additional cost of investing in IRIS.

Table 4 shows the estimated range of management costs that may be deducted from your investment earnings against each investment option.

Table 4

Range of estimated management costs that are deducted from investment earnings (%)			
IRIS Investment Option	% Range	IRIS Investment Option	% Range
Defensive	0.04 to 0.08	Diversified Fixed Interest	0.04 to 0.08
Conservative	0.04 to 0.08	Property	0.04 to 0.08
Growth	0.04 to 0.08	Australian Shares	0.04 to 0.08
High Growth	0.04 to 0.08	Sustainable Australian Shares	0.04 to 0.08
Cash	0.04 to 0.08	International Shares	0.04 to 0.08

For more details about these costs, please refer to the current PDS which is available on the IRIS website at ifs.net.au/retirement/iris/.

The cost of administering your individual account is deducted directly from your account at the end of each month. For details of this cost please refer to 'Fees & charges to your IRIS account' on page 14 of this Report.

Change in transaction costs

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.

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 effective from 9 October 2013 are shown in Table 5.

Table 5

IRIS Investment Option	Estimated transaction costs (buy costs)	Estimated transaction costs (sell costs)	IRIS Investment Option	Estimated transaction costs (buy costs)	Estimated transaction costs (sell costs)
Defensive	0.08%	0.09%	Diversified Fixed Interest	0.13%	0.14%
Conservative	0.13%	0.13%	Property	0.23%	0.23%
Growth	0.16%	0.16%	Australian Shares	0.15%	0.15%
High Growth	0.17%	0.17%	Sustainable Australian Shares	0.15%	0.15%
Cash	0.00%	0.00%	International Shares	0.20%	0.20%

The transaction costs above may differ from what is disclosed in the current IRIS Super Income Stream and IRIS Term Allocated Pension PDS's. Current transaction costs are available on our fund website ifs.net.au/retirement/iris/.

Change to Indirect Cost Ratio (ICR)

As a result of the changes to management costs, changes were also made to the fee examples provided in the PDS's. The following represents the new examples:

Example 1 – Member balance is \$50,000

Example – The IRIS Growth Investment Option		Balance of \$50,000
Management costs	Between 1.04% and 1.08% p.a.	For every \$50,000 you have in the fund you will be charged between \$520 and \$540 each year.
EQUALS Cost of Fund		If your balance is \$50,000 at the beginning of the year, then for that year you will be charged fees of between \$520 and \$540.* What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or Financial Planner.

*Additional fees may apply.

Example 2 – Member balance is \$300,000

Example – The IRIS Growth Investment Option		Balance of \$300,000
Management costs	Between 0.99% and 1.03% p.a.	For every \$50,000 you have in the fund you will be charged between \$2,970 and \$3,090 each year.
EQUALS Cost of Fund		If your balance is \$300,000 at the beginning of the year, then for that year you will be charged fees of between \$2,970 and \$3,090.* What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or Financial Planner.

*Additional fees may apply.

Your IRIS investment

Who manages the 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 Table 6:

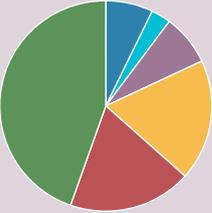
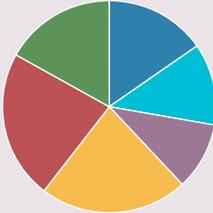
Table 6

Asset Class	Investment Manager
Australian Shares	Industry Funds Management 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 Industry Funds Management Pentagon Capital Ltd
Property	Eureka Funds Management Group Industry Funds Management Vanguard Funds Management
Cash*	Industry Funds Management ME Bank

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

IRIS investment options – a snapshot

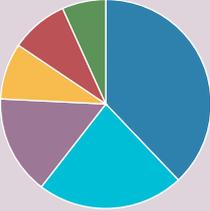
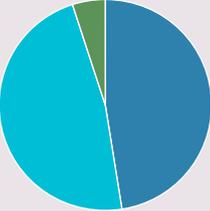
The IRIS retirement products offer you a range of ten investment options. Their structure and objectives are outlined below. This includes the updates to the investment objectives as noted earlier in this report in the section 'Changes to IRIS in 2013 on pages 5 to 7.

	IRIS Defensive Option	IRIS Conservative Option																								
Investment Objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 2.0% per annum (after 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 (after 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***).																								
Risk/Return Profile	Very Low	Low to Medium																								
Allocation Ranges	<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%																									
International Shares	0 - 8%																									
Property	5 - 10%																									
Australian Fixed Interest	10 - 25%																									
International Fixed Interest	10 - 25%																									
Cash	40 - 50%																									
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 %																									
Actual Asset Allocation as at 30 June 2013	 <table border="1"> <tr><td>Australian Shares</td><td>7.2%</td></tr> <tr><td>International Shares</td><td>3.0%</td></tr> <tr><td>Property</td><td>7.8%</td></tr> <tr><td>Australian Fixed Interest</td><td>18.6%</td></tr> <tr><td>International Fixed Interest</td><td>18.8%</td></tr> <tr><td>Cash</td><td>44.6%</td></tr> </table>	Australian Shares	7.2%	International Shares	3.0%	Property	7.8%	Australian Fixed Interest	18.6%	International Fixed Interest	18.8%	Cash	44.6%	 <table border="1"> <tr><td>Australian Shares</td><td>15.3%</td></tr> <tr><td>International Shares</td><td>12.5%</td></tr> <tr><td>Property</td><td>10.3%</td></tr> <tr><td>Australian Fixed Interest</td><td>22.4%</td></tr> <tr><td>International Fixed Interest</td><td>22.6%</td></tr> <tr><td>Cash</td><td>16.9%</td></tr> </table>	Australian Shares	15.3%	International Shares	12.5%	Property	10.3%	Australian Fixed Interest	22.4%	International Fixed Interest	22.6%	Cash	16.9%
Australian Shares	7.2%																									
International Shares	3.0%																									
Property	7.8%																									
Australian Fixed Interest	18.6%																									
International Fixed Interest	18.8%																									
Cash	44.6%																									
Australian Shares	15.3%																									
International Shares	12.5%																									
Property	10.3%																									
Australian Fixed Interest	22.4%																									
International Fixed Interest	22.6%																									
Cash	16.9%																									

*CPI = Consumer Price Index

**'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.

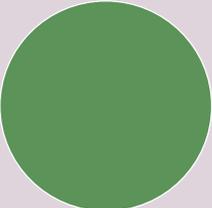
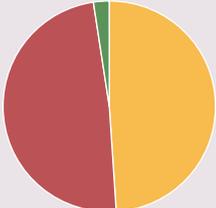
***This is the estimated frequency of negative returns over a 20 year period. It is an average based on a set of long term capital market assumptions and the frequency of negative returns over a 20 year period. It may be more or less frequent than estimated depending on the prevailing economic and investment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

	IRIS Growth Option	IRIS High Growth Option																		
Investment Objective	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 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 four years (i.e. 5 times in 20 years***).																		
Risk/Return Profile	High	High																		
Allocation Ranges	<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%																			
International Shares	17.5 - 27.5%																			
Property	10 - 20%																			
Australian Fixed Interest	5 - 15%																			
International Fixed Interest	5 - 15%																			
Cash	2.5 - 12.5%																			
Australian Shares	32.5 - 62.5%																			
International Shares	32.5 - 62.5%																			
Cash	0 - 10 %																			
Actual Asset Allocation as at 30 June 2013	 <table border="1"> <tr><td>Australian Shares</td><td>38.0%</td></tr> <tr><td>International Shares</td><td>22.5%</td></tr> <tr><td>Property</td><td>15.3%</td></tr> <tr><td>Australian Fixed Interest</td><td>8.7%</td></tr> <tr><td>International Fixed Interest</td><td>8.8%</td></tr> <tr><td>Cash</td><td>6.7%</td></tr> </table>	Australian Shares	38.0%	International Shares	22.5%	Property	15.3%	Australian Fixed Interest	8.7%	International Fixed Interest	8.8%	Cash	6.7%	 <table border="1"> <tr><td>Australian Shares</td><td>47.5%</td></tr> <tr><td>International Shares</td><td>47.5%</td></tr> <tr><td>Cash</td><td>5.0%</td></tr> </table>	Australian Shares	47.5%	International Shares	47.5%	Cash	5.0%
Australian Shares	38.0%																			
International Shares	22.5%																			
Property	15.3%																			
Australian Fixed Interest	8.7%																			
International Fixed Interest	8.8%																			
Cash	6.7%																			
Australian Shares	47.5%																			
International Shares	47.5%																			
Cash	5.0%																			

*CPI = Consumer Price Index

**'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.

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

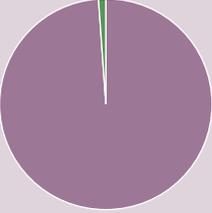
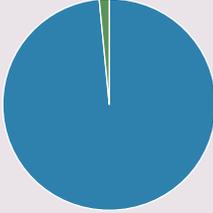
	IRIS Cash Option	IRIS Diversified Fixed Interest Option								
Investment Objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 1% per annum (after tax**), on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Cash Option 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 (after 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***).								
Risk/Return Profile	Very Low	Low								
Allocation Ranges	<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 %									
Actual Asset Allocation as at 30 June 2013	 <table border="1"> <tr> <td>Cash</td> <td>100%</td> </tr> </table>	Cash	100%	 <table border="1"> <tr> <td>Australian Fixed Interest</td> <td>49.0%</td> </tr> <tr> <td>International Fixed Interest</td> <td>48.6%</td> </tr> <tr> <td>Cash</td> <td>2.4%</td> </tr> </table>	Australian Fixed Interest	49.0%	International Fixed Interest	48.6%	Cash	2.4%
Cash	100%									
Australian Fixed Interest	49.0%									
International Fixed Interest	48.6%									
Cash	2.4%									

*CPI = Consumer Price Index

**'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.

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



	IRIS Property Option	IRIS Australian Shares Option								
Investment Objective	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.0% per annum (after 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***).								
Risk/Return Profile	High	Very High								
Allocation Ranges	<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 %									
Actual Asset Allocation as at 30 June 2013	 <table border="1"> <tr> <td>Property</td> <td>98.9%</td> </tr> <tr> <td>Cash</td> <td>1.1%</td> </tr> </table>	Property	98.9%	Cash	1.1%	 <table border="1"> <tr> <td>Australian Shares</td> <td>98.5%</td> </tr> <tr> <td>Cash</td> <td>1.5%</td> </tr> </table>	Australian Shares	98.5%	Cash	1.5%
Property	98.9%									
Cash	1.1%									
Australian Shares	98.5%									
Cash	1.5%									

*CPI = Consumer Price Index

**'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.

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



	IRIS Sustainable Australian Shares Option	IRIS International Shares Option								
Investment Objective	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***).								
Risk/Return Profile	Very High	High								
Allocation Ranges	<table border="1"> <tr> <td>Sustainable Australian Shares</td> <td>90 - 100%</td> </tr> <tr> <td>Cash</td> <td>0 - 10%</td> </tr> </table>	Sustainable 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 %
Sustainable Australian Shares	90 - 100%									
Cash	0 - 10%									
International Shares	90 - 100%									
Cash	0 - 10 %									
Actual Asset Allocation at 30 June 2013	<table border="1"> <tr> <td>Sustainable Australian Shares</td> <td>97.4%</td> </tr> <tr> <td>Cash</td> <td>2.6%</td> </tr> </table>	Sustainable Australian Shares	97.4%	Cash	2.6%	<table border="1"> <tr> <td>International Shares</td> <td>97.2%</td> </tr> <tr> <td>Cash</td> <td>2.8%</td> </tr> </table>	International Shares	97.2%	Cash	2.8%
Sustainable Australian Shares	97.4%									
Cash	2.6%									
International Shares	97.2%									
Cash	2.8%									

*CPI = Consumer Price Index

**'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.

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



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 2013 can be obtained from our website at ifs.net.au/retirement/iris or by us on **1300 367 485**.

Operating Statement

	2013 (\$)	2012 (\$)
Investment revenue	70,950,571	21,041,576
Contribution revenue	10,701,942	11,776,479
Other revenue	738,442	202,818
Total revenue from ordinary activities	82,390,956	33,020,873
Less expenses from ordinary activities	5,296,169	4,980,485
Benefits accrued as a result of operations before income tax	77,094,786	28,040,388
Income tax benefit	3,489,778	3,796,868
Benefits accrued as a result of operations after income tax	80,584,565	31,837,256
Less income not yet allocated to members	141,692	3,521,647
Benefits accrued as a result of operations	80,726,257	35,358,903

Statement of Financial Position

	2013 (\$)	2012 (\$)
Investments	542,925,452	531,158,610
Other assets	14,386,864	13,499,074
Total assets	557,312,316	544,657,684
Total liabilities	734,595	1,022,941
Net assets available to pay benefits	556,577,721	543,634,743
Represented by:		
Members' funds	556,567,475	543,482,805
Amounts not yet allocated to members	10,246	151,938

Statement of Cash Flows

	2013 (\$)	2012 (\$)
Cash flows from operating activities	(31,901,164)	(6,793,083)
Cash flows from investing activities	31,600,955	6,358,854
Net (decrease)/ increase in cash held	(300,209)	(434,229)
Cash at beginning of reporting period	370,424	804,653
Cash at the end of reporting period	70,215	370,424



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 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 our PDS at ifs.net.au/retirement/iris.

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.

Fees & charges to your IRIS account

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

Table 7 shows the management cost component that is charged directly to individual accounts depending on each individual investment option. These are different from the investment management costs which are 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 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.

Table 7

IRIS Investment Option	Total account balance below \$250,000 p.a.	Total account balance of \$250,000 p.a. or above
Defensive	0.90%	0.85%
Conservative	0.95%	0.90%
Growth	1.00%	0.95%
High Growth	1.10%	1.05%
Cash	0.40%	0.35%
Diversified Fixed Interest	0.75%	0.70%
Property	0.90%	0.85%
Australian Shares	1.00%	0.95%
Sustainable Australian Shares	1.15%	1.10%
International Shares	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. Table 8 lists the various types of communication you will receive throughout the year.

Table 8

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

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.

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

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 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**
Custodian: **National Australia Bank**
External Auditor: **Deloitte Touche Tohmatsu**
Investment Advisor: **Frontier Advisors**

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.

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 directors of the SMI Trustee Board during the year and currently are:

- Anthony Beck (resigned May 2013)
- Jack Diamond (since 2008)
- Paul Faure (since 2011)
- Graeme (Sandy) Grant (since 2009)
- Michael Migro (since 2012)
- Gemma Pinnell (resigned April 2013)
- Linda Rubinstein (appointed May 2013)

Directors were appointed in accordance with the Trust Deed. A copy of the Trust Deed is available on our website at **ifs.net.au/retirement/iris**.

b) Other key IFS management personnel

Name	Position
David Vernon	General Manager, SMI and IFI
John Meehan	Chief Financial Officer, IFS
Andrew Steggall	Company Secretary, IFS
Lucille Bennetto	Executive Manager, Risk and Compliance, 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 200
Carlton South VIC 3053

T 1300 367 485
W ifs.net.au/retirement/iris
E admin@retirewithiris.com.au

