

# Annual Report

2019

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## About this Annual Report

This Annual Report is for members of LESF Super, ABN 13 704 288 646; referred to in this Annual Report as LESF or the Fund.

This Annual Report has been issued by Diversa Trustees Limited (the Trustee or Diversa Trustees or We) ABN 49 006 421 638, AFSL 235153 RSE Licence L0000635 as Trustee of LESF Super.

This Annual Report forms Part 2 of the annual periodic information. Your Annual Member Statement forms Part 1 of the annual periodic information and should be read in conjunction with this Annual Report.

The information in this document is intended to provide you with general information only and does not take into account any one of your personal objectives, financial situation and needs. Before making any financial decisions about LESF Super, it is important that you consider the current product disclosure statement (PDS) relevant to your membership and consider your particular circumstances and whether the particular financial product is right for you. The current PDS for the product is available by calling Adviser Services on 1800 359 686 or online at [www.lesf.com.au](http://www.lesf.com.au). You should consult a financial adviser if you require personal financial advice

# Welcome to the 2019 Financial Year Annual Report

As Promoters of the Fund, OneVue Wealth Services Limited understand that super is not only important as an investment, but it is a key part of the plan for your retirement.

It has been a busy year in superannuation with regulatory changes affecting fees, insurance and inactive accounts among them. Our 'What's new in superannuation' section of this report outlines the changes over the past 12 months. We encourage you to familiarise yourself with the changes and how you can best use your superannuation.

Having a robust investment strategy is one of the key parts of having a successful superannuation fund. Last year the Trustee appointed Mercer Investments (Australia) Limited (Mercer) as the Asset Consultant and Investment Manager. In 2019, the relationship extended to engage Mercer as the Implemented Asset Consultant of the Fund. Mercer is one of the world's largest asset consultants with an international network of approximately 12,000 experienced investment professionals, and have been providing professional investment services to Australian clients for 45 years.

Through this appointment LESF Super is able to access the size and scale of Mercer to provide quality investment management for your retirement savings. Further information about Mercer can be found in the 'Investment' section, and Mercer have provided the 'Year in Review'

We are continually working hard for you to provide new functionality and provide the best service for your retirement savings. Updates can be found on the website and when you sign in to the Secure Online Portal. We thank you for being part of LESF and look forward to the coming year.

**Brett Marsh**

Head of Product, OneVue Wealth Services Ltd

# Governance

The Trustee of the Fund is Diversa Trustees Limited (Diversa Trustees, Trustee) and is responsible for the ongoing management of the Fund. As Trustee, Diversa Trustees employ specialist providers to help look after the Fund and its investments which are outlined in the 'Directory' section at the end of this annual report.

As Trustee, Diversa Trustees aims to ensure that all legal and compliance obligations are properly met. It is responsible for compliance with the Trust Deed of the Fund, including ongoing satisfaction of legislative requirements, and monitoring of risk controls as specified in its' risk management framework. In summary, the Trustee's role generally incorporates:

- fund registration,
- issue of disclosure documents
- compliance monitoring against legislative and regulatory requirements, and
- risk management.

The names of the Directors of the Trustee as of 30 June 2019 are as follows:

- Vin Plant (Chair),
- Murray Jones,
- Robyn Fitzroy,
- Andrew Peterson, and
- Fiona McNabb.

Notes:

- Garry Wayling ceased to act as a Director (Diversa Trustees Limited only) on 28 June 2019
- Andrew Peterson and Fiona McNabb commenced as Directors of the Trustee on 28 June 2019

## Remuneration

The Directors of the Board did not receive and are not due any remuneration from the Fund in connection with the management of the Fund. Any Directors fees are paid by Diversa Trustees Limited.

## Board committees

The Board of the Trustee is committed to strong principles of corporate governance, including continuous improvement of its performance and processes.

The following committees assist the Board, which in some cases involves engagement of external experts:

- Investment Committee, and
- Audit, Compliance and Risk Committee.

No penalties were imposed this year on any responsible person under Section 38A of the Superannuation Industry (Supervision) Act 1993.

## Professional Indemnity Insurance

Diversa Trustees has professional indemnity insurance to protect the Trustee, its directors and the Fund against certain losses or liabilities. The indemnity insurance cover is subject to the terms and conditions of the relevant policy and complies with the requirements of Section 912B of the Corporations Act 2001.



# Governance

## The Trust Deed

The governing rules of the Fund are set out in the LESF Trust Deed. The Board has some powers to alter the Trust Deed. A copy of the Fund Trust Deed can be found online at [lesf.com.au](http://lesf.com.au).

## Compliance

LESF is regulated by and complies with the Superannuation Industry (Supervision) Act (1993) (SIS Act). The Fund lodges a return with APRA every year and has not received a notice of non-compliance from APRA. No penalties have been imposed in respect of the Fund under the relevant superannuation legislation.



# Investments:

## Financial year ending 30 June 2019 Review

### Asset consultant

The Trustee utilises an independent Asset Consultant to provide advice regarding the investments of LESF. The Asset Consultant is Mercer Investments (Australia) Limited.

The underlying investment managers and investment funds utilised by LESF are appointed and removed by the Trustee in accordance with LESF Super's investment strategy. Any decision to appoint/remove a manager or fund is based upon an assessment of the style and performance of the manager or fund.

### Appointment of MERCER as Asset Consultant to the Fund

Mercer Investments Australia Ltd was appointed by the Trustee, Diversa Trustees, as the Asset Consultant to LESF Super on 1 July 2019. In this role, Mercer assists the Trustee to set the investment objectives for the Fund, as well as manage the investment strategy to meet those objectives.

### About Mercer

Mercer was founded in 1945 as William M. Mercer Limited in Canada. William M. Mercer Limited was acquired by Marsh & McLennan Companies, Inc. in 1959. The firm is listed on the New York Stock Exchange. Mercer's Australian operations commenced in 1971, with investment advice provided to Australian organisations since 1972.

The Mercer portfolio management teams now manage approximately US\$200 billion worldwide, with approximately A\$33 billion invested on behalf of clients in Australia and New Zealand. Mercer has an international network of over 1200 highly experienced investment professionals working in over 43 countries with sophisticated investment tools which contribute to providing diversified portfolios that outperform in even the most volatile markets.

### Managing LESF Super investment strategy

The LESF Super investment strategy involves setting the allocation to the various asset sectors in which each option invests (Strategic Asset Allocation) and selecting and managing the underlying investments which make up the portfolio. The underlying investments are made up from Mercer Multi-Manager Funds (MMF's) which invest with selected investment managers that have specialist skills in each selected asset sector.

The process for determining the optimal Strategic Asset Allocation for the Fund is driven by Mercer's latest global investment and risk management insights, robust modelling capabilities and reliable capital market assumptions. Qualitative analysis is reinforced by rigorous quantitative risk modelling involving stress-testing, risk factor analysis and liquidity analysis utilising Mercer proprietary investment tools.

Selection of the managers for the Fund is based on Mercer's rigorous manager ratings process designed to identify high quality investment strategies with the greatest probability of outperforming their peers. The process is forward-looking and consistent across regions and asset classes. It involves a combination of on-site visits to managers, discussion amongst Mercer researchers, qualitative views, quantitative analysis, the direct experience of Mercer consultants, and ongoing reviews. Mercer constructs an optimal blend of managers for the Fund to achieve the objectives set for the portfolio.

Selected managers are regularly monitored to ensure they continue to invest according to their planned strategy and to track any material changes affecting managers. Any significant change to, or concern with research inputs, investment process, or underlying personnel may trigger a review, and subsequently, the termination and replacement of the manager.

# Investments:

## Financial year ending 30 June 2019 Review

Mercer commenced environmental, social and governance (ESG) research in 2005, and has since integrated ESG factors into the standard manager research process for all asset classes, with a rating specific to ESG integration capabilities. ESG integration provides additional risk management views and analysis and continues to be woven into standard manager selection processes.

### Investment commentary

Investment markets delivered strong returns in the 2019 financial year despite the 12 months being a particularly volatile period. Asset class returns for the period were as follows:

ASSET CLASS	RETURN* (%)
Cash	2.0
Australian Bonds	11.0
International Bonds (hedged)	7.2
Australian Shares	11.4
Australian Property Securities	19.4
International Shares (hedged)	6.2
International Shares (unhedged)	11.9
Emerging Share Markets (unhedged)	6.6



\* Capital and income return

The year started on a strong note with most equity markets posting positive September quarter returns. This was primarily supported by robust economic growth in the US, which led the Federal Reserve to raise rates for a third time in 2018, moving closer to normalising its monetary policy. Against this positive economic backdrop, US-China trade tensions continued to build with further tariffs imposed by the US on US\$200bn of Chinese imports and China retaliating with tariffs on US\$60bn of US imports.

The December 2018 quarter saw a sharp reversal in the positive market sentiment. Share markets experienced sharp declines, mostly attributable to concerns that the rising US interest rates would slow growth, and the rising global trade tensions were unlikely to be resolved in the near term, further adding to a slowing economic environment. As a result, investors moved to defensive assets, reflected in meaningfully lower bond yields over the December 2018 quarter.

Shares rebounded strongly in the first quarter of 2019, with the turnaround largely due to the Federal Reserve reversing its tightening policy bias in favour of a more accommodative monetary policy, raising market expectations for the first cut in the US federal funds rate in over a decade. This was followed by a similar stance adopted by other central banks. The delay of Brexit beyond March to October 2019 also provided some respite for the UK equity market. Although trade tensions continued to weigh on market sentiment, with further tariff increases announced by both the US and China in May, investors remained hopeful that the resumption of trade talks would finally lead to a trade deal between the US and China.



# Investments:

## Financial year ending 30 June 2019 Review

Global equity markets ended the year on a strong note, posting positive returns over the final quarter of 2019. The prospect of lower rates into the new financial year outweighed the negative impact of expected slower global growth and ongoing geopolitical risks centred on the unresolved US-China trade dispute.

Bond markets performed particularly strongly over the year as yields reversed course and trended downwards. Australian bonds (11.0%) outperformed Global bonds (7.2%, hedged), due to comparatively greater yield decreases in Australia. Over the year, Australian 10-year bond yields decreased from 2.64% to 1.32%, compared to US 10 years which fell from 2.85% to 2.00%. Notably, the spread between US and Australian 10-year bonds remained negative and widened further over the year.

In Australia, economic growth slowed further to a meagre 1.4% for the year to June 2019, the weakest growth rate since the Global Financial Crisis. Amid the softening economic conditions, the Reserve Bank of Australia ended a 34-month pause to cut the official cash rate by 0.25% to a historic low of 1.25% in June 2019. This was done in a bid to combat weakening employment, wages and inflation.

In spite of the weak economic outlook towards year end, the Australian share market rose 11.4% over the financial year, with a significant recovery in 2019, boosted by the surprise Coalition victory in May, which more than offset the volatility during the December 2018 quarter in which the Australian market fell by 8.4%. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry began in March 2018, with the final report released in February 2019. Negative sentiment weighted on financials, particularly big banks, throughout this period. However, banks experienced a relief rally in the wake of the final report which was light on specific recommendations for the banks' core business structures. Overall the S&P/ASX300 Financials rose 8.2% over the year, underperforming the broader share market. Australian Property Securities performed particularly strongly (19.4%) supported by the falling interest rate environment.

There are a number of signs that global growth is set to slow materially in the current financial year and global trade tensions are likely to persist for some time. Slower growth and subdued inflation globally are likely to support further falls in interest rates in the near term. While this environment does not suggest markets will necessarily fall, investors should be prepared for lower returns in the coming year than delivered in financial year 2019.

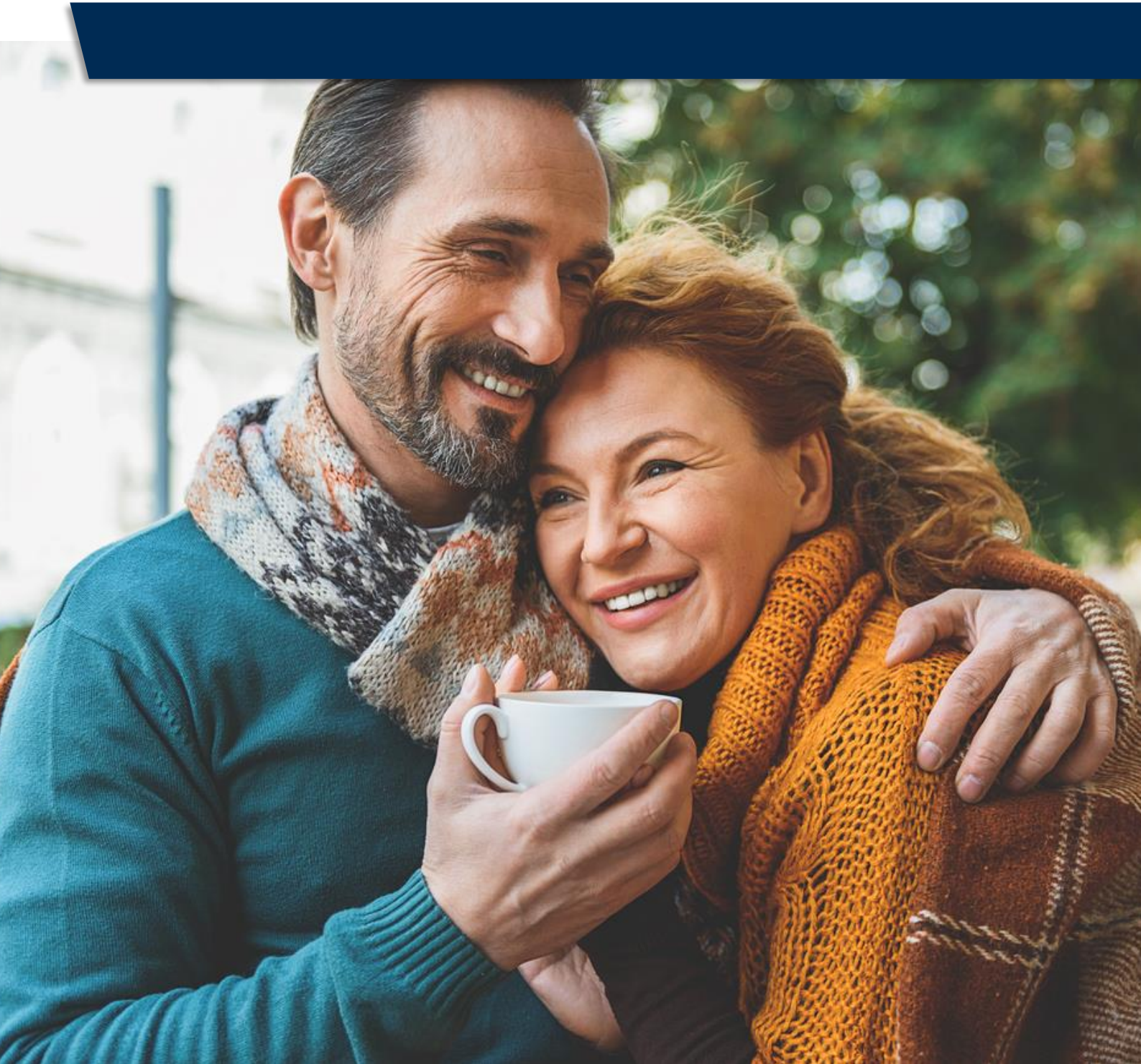
### **Vincent Parrott**

Senior Investment Consultant, Mercer

# Investment options

The tables following contain information regarding the investment options of the Fund for the financial year ended 30 June 2019. Details of investment options shown are not a guarantee of any particular benefit or return. The investment option objectives are used by the Trustee to measure the performance of the Fund's investments.

The investment objectives and strategies of the investment options available to members of the Pension Account are the same as the objectives and strategies of the investment options available to Accumulation Account members, however no tax is applicable to pension assets (except effective 1 July 2017 for transition to retirement pensions).



# Investment options

## LESF Super investment options as at 30 June 2019

	CASH	MODERATE	GROWTH (MySuper)
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	Members who prefer low risk and a high level of security on their account balance.	Members who seek exposure to mainly defensive assets and can tolerate a moderate level of risk over three years. This option invests predominantly in defensive assets across most asset classes.	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over ten years. This option invests mainly in growth assets across most asset classes.
<b>INVESTMENT RETURN OBJECTIVE</b>	RBA Cash Rate	CPI + 0.5%	CI + 2.5%
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	1 year	3 years	10 years
<b>STANDARD RISK MEASURE#</b>	Very low	Medium	High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 100%	<b>Cash</b> 12.5%-50.0% <b>Australian Fixed Income</b> 15.0%- 40.0% <b>Global Fixed Income</b> 10.0% – 30.0% <b>Australian Equities</b> 5.0%-20.0% <b>International Equities</b> 5.0%- 25.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% – 15.0%	<b>Cash</b> 2.0% - 15.0% <b>Australian Fixed Income</b> 5.0% – 20.0% <b>Global Fixed Income</b> 8.0% - 25.0% <b>Australian Equities</b> 17.5% - 45.0% <b>International Equities</b> 22.5% - 50.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% – 15.0%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 100% <b>Growth</b> 0%	<b>Defensive</b> 70% <b>Growth</b> 30%	<b>Defensive</b> 30% <b>Growth</b> 70%

# Investment options

	HIGH GROWTH	DIVERSIFIED SHARES
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over seven years. This option invests predominantly in growth assets across most asset classes.	Members who seek exposure to Australian and international listed companies with a mix of index and active management.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +3.5	CPI + 4.0%
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	7years	10 years
<b>STANDARD RISK MEASURE</b>	High	High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0.0% - 10.0% <b>Australian Fixed Income</b> 0.0% – 20.0% <b>Global Fixed Income</b> 0.0% - 25.0% <b>Australian Equities</b> 25.0% - 50.0% <b>International Equities</b> 30.0% - 50.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% – 15.0%	<b>Cash</b> 0.0% - 10.0% <b>Australian Fixed Income</b> 0.0% – 0.0% <b>Global Fixed Income</b> 0.0% - 0.0% <b>Australian Equities</b> 45.0% - 55.0% <b>International Equities</b> 45.0% - 55.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% – 0.0%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 15% <b>Growth</b> 85%	<b>Defensive</b> 2% <b>Growth</b> 98%



# Investment options

## GROW Super as at 30 June 2019

	GROW MySUPER	GROW 30
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over ten years. This option invests mainly in growth assets across most asset classes.	Members who prefer a low risk diversified investment option and are willing to accept some account balance fluctuation over the short term. With a strong focus on stability rather than growth, this portfolio will have a higher weighting towards fixed interest and cash.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI + 2.5%	CPI + 1.00% per annum over rolling 3 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	10 years	3 years
<b>STANDARD RISK MEASURE#</b>	High	Medium to High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 2 - 15% <b>Fixed interest</b> 5 - 20% <b>Global Fixed Interest</b> 8-25% <b>Australian Equities</b> 17.5 - 45% <b>International equities</b> 22.5 - 50%	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 65 – 75% <b>Australian equities</b> 8 - 14% <b>International equities</b> 13 - 22% <b>Property</b> 1 – 4%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 15 - 60% <b>Growth</b> 40 - 85%	<b>Defensive</b> 65 - 75% <b>Growth</b> 25 - 35%

# Investment options

	GROW 40	GROW 50
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	Members who are comfortable with a moderate amount of volatility but want most of their balance exposed to defensive assets. With a higher allocation to fixed interest and cash, the fund is designed to reduce volatility through fixed interest exposure whilst achieving medium term growth. Members will likely experience some account balance fluctuation over the short to medium term due to the high exposure to growth assets than the capital stable fund.	For members with a time horizon of 3-5 years who are comfortable with an equal mix of growth and defensive assets This portfolio may suit members who can accept that returns may be negative in some years however expect that over the long term, the portfolio will generate capital growth above inflation.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +1.50% per annum over rolling 4 years	CPI +2.00% per annum over rolling 4 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	3 - 5 years	3 - 5 years
<b>STANDARD RISK MEASURE#</b>	Medium to High	Medium to High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 55 – 65% <b>Australian equities</b> 10 - 18% <b>International equities</b> 17 - 29% <b>Property</b> 1 – 5%	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 45 – 55% <b>Australian equities</b> 13 - 23% <b>International equities</b> 21 - 36% <b>Property</b> 1 – 6%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 55 - 65% <b>Growth</b> 35 - 45%	<b>Defensive</b> 45 - 55% <b>Growth</b> 45 - 55%

# Investment options

	GROW 60	GROW 70	GROW 80
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	For members with a longer time horizon of at least 5-7 years who are comfortable with slightly higher exposure to growth than defensive assets. The portfolio is expected to have short term fluctuations whilst producing capital growth over medium-long term.	This option is growth orientated and better suited for long-term investors who accept some investment risk over the long term. With an investment split of 30% defensive and 70% growth, the defensive exposure should dampen the short-term fluctuations in value. Overall the portfolio will have a high exposure to shares and property to assist with providing long-term capital growth.	For members who have a strong focus on maximising capital growth over the long-term. Members may expect high short term fluctuations in value and a higher chance of capital loss. Members who select this portfolio should be comfortable with higher risk as a trade-off for achieving their long-term investment objectives.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +2.75% per annum over rolling 6 years	CPI +3.0% per annum over rolling 6 years	CPI +3.5% per annum over rolling 8 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	5 - 7 years	5 - 7 years	7 - 10 years
<b>STANDARD RISK MEASURE#</b>	Medium/High	Medium/High	High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 35 - 45% <b>Australian equities</b> 16 - 28% <b>International equities</b> 25 - 43% <b>Property</b> 1 - 7%	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 25 - 35% <b>Australian equities</b> 18 - 32% <b>International equities</b> 29 - 50% <b>Property</b> 1 - 8%	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 15 - 25% <b>Australian equities</b> 21 - 37% <b>International equities</b> 34 - 58% <b>Property</b> 2 - 10%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 35 - 45% <b>Growth</b> 55 - 65%	<b>Defensive</b> 25 - 35% <b>Growth</b> 65 - 75%	<b>Defensive</b> 15 - 25% <b>Growth</b> 75 - 85%

# Investment options

	GROW 100	GROW Industrial Tech	GROW Future Internet
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	For members who want no exposure to income/defensive assets. With a strong focus on maximising capital growth over the long-term it is like that investors may experience high short term fluctuation in value and higher chance of capital loss. Members who select this portfolio are willing to accept this higher risk as a trade-off for achieving their long-term investment objectives.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +4.0% per annum over rolling 10 years	CPI +4.0% per annum over rolling 10 years	CPI +4.0% per annum over rolling 10 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	10 years	10 years	10 years
<b>STANDARD RISK MEASURE<sup>#</sup></b>	Very High	Very High	Very High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0 - 5% <b>Australian equities</b> 26 - 46% <b>International equities</b> 42 - 72% <b>Property</b> 2 - 12%	<b>Cash</b> 0 - 5% <b>International equities</b> 95 - 100%	<b>Cash</b> 0 - 5% <b>International equities</b> 95 - 100%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%



# Investment options

	GROW Global Sustainability	GROW Green Energy	GROW Global Property
WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	For members seeking long term returns from a portfolio of equities made of large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets.
INVESTMENT RETURN OBJECTIVE	CPI +4.0% per annum over rolling 10 years	CPI +4.0% per annum over rolling 10 years	CPI +3.0% per annum over rolling 10 years
MINIMUM SUGGESTED INVESTMENT TIME FRAME	7-10 years	10 years	7-10 years
STANDARD RISK MEASURE <sup>#</sup>	Very High	Very High	High
INVESTMENT OPTION ASSET ALLOCATION RANGE	<b>Cash</b> 0 - 5%  <b>International equities</b> 95 - 100%	<b>Cash</b> 0 - 5%  <b>Australian equities</b> 0 - 10%  <b>International equities</b> 85 - 100%	<b>Cash</b> 0 - 5%  <b>Property</b> 95 - 100%
DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE	<b>Defensive</b> 0 - 5%  <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5%  <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5%  <b>Growth</b> 95 - 100%

# Investment options

## ZUPER SUPER as at 30 June 2019

	ZUPER IMPACT			ZUPER IMPACT +		
SUSTAINABILITY	Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.			Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.		
INVESTMENT RETURN OBJECTIVE	Zuper Impact aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.75% p.a. when measured over any 10-year period.			Zuper Impact+ aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.75% p.a. when measured over any 10-year period.		
INVESTMENT STRATEGY	The Trustee's strategy to meet the objective is to invest in growth assets (Australian and International shares), with some exposure to fixed interest, cash, infrastructure, credit and fixed income.			This investment option invests in companies that demonstrate positive environment, social and governance (ESG) characteristics.  The Trustee's strategy to meet the objective is to invest in growth assets (Australian and International shares), with some exposure to fixed interest, cash, infrastructure, credit and fixed income.		
MINIMUM SUGGESTED TIMEFRAME FOR INVESTING	10 years			10 years		
RISK LEVEL	<b>High</b> Probability of a negative return in any single year is less than 20%			<b>High</b> Probability of a negative return in any single year is less than 20%		
	STRATEGIC ASSET ALLOCATION		CONTROL RANGES	STRATEGIC ASSET ALLOCATION		CONTROL RANGES
ASSET ALLOCATION	Australian Equities	32%	28% - 39%	Australian Equities (Ethical)	32%	25% - 39%
	International Equities (Ethical)	30%	23% - 37%	International Equities (Ethical)	30%	23% - 37%
	Property	8%	5% - 11%	Property	7%	4% - 10%
	Infrastructure	5%	3% - 7%	Infrastructure	8%	5% - 11%
	Credit	6%	4% - 8%	Credit	4%	2% - 6%
	Fixed Income	15%	12% - 18%	Fixed Income	15%	12% - 18%
	Cash	4%	2% - 6%	Cash	4%	2% - 6%
	Total	100%		Total	100%	

# Investment options

	ZUPER MYSUPER			ZUPER GREEN		
SUSTAINABILITY	Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.			Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.		
INVESTMENT RETURN OBJECTIVE	Zuper MySuper option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 3% p.a. when measured over any 10-year period.			Zuper Green aims to achieve a return before tax but after investment costs equal to or better than CPI plus 2.25% p.a. when measured over any 10-year period.		
INVESTMENT STRATEGY	The Trustee's strategy to meet the objective is to invest in growth assets (Australian and International shares), with some exposure to fixed interest and cash.			This portfolio gives members exposure to clean energy businesses and 50 of the largest global companies engaged in water related business.  Members can invest between 6.67% to 20% of their portfolio into Zuper Green.		
MINIMUM SUGGESTED TIMEFRAME FOR INVESTING	10 years			10 years		
RISK LEVEL	<b>High</b> Probability of a negative return in any single year is less than 20%			<b>High</b> Probability of a negative return in any single year is less than 20%		
	STRATEGIC ASSET ALLOCATION		CONTROL RANGES	STRATEGIC ASSET ALLOCATION		CONTROL RANGES
ASSET ALLOCATION	Australian Equities	35%	22.5% - 45%	Australian Equities	0.0%	0.0%
	International Equities	35%	22.5% - 45%	International Equities	100%	80% - 100%
	International Fixed Interest (Hedged)	10%	0% - 16%	International Fixed Interest (Hedged)	0.0%	0.0%
	Australian Fixed Interest	15%	8% - 25%	Australian Fixed Interest	0.0%	0.0%
	Cash	5%	2% - 42%	Cash	0.0%	0% - 20%
	Total	100%		Total	100%	

# Investment options

	ZUPER TECH			ZUPER HEALTH		
SUSTAINABILITY	Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.			Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.		
INVESTMENT RETURN OBJECTIVE	Zuper Tech aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.25% p.a. when measured over any 10-year period.			Zuper Health aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.25% p.a. when measured over any 10-year period.		
INVESTMENT STRATEGY	<p>This portfolio gives members exposure to fast growing tech stocks, companies with revenues from digitally focus services and businesses in the development of automatic and robotic technology.</p> <p>Members can invest between 6.67% to 20% of their portfolio into Zuper Tech.</p>			<p>This portfolio gives members exposure to global healthcare stocks pushing the boundaries in medical treatment and technology, and companies generating significant revenues from the needs of the ageing population.</p> <p>Members can invest between 6.67% to 20% of their portfolio into Zuper Health.</p>		
MINIMUM SUGGESTED TIMEFRAME FOR INVESTING	10 years			10 years		
RISK LEVEL	<b>High</b> Probability of a negative return in any single year is less than 20%			<b>High</b> Probability of a negative return in any single year is less than 20%		
	STRATEGIC ASSET ALLOCATION		CONTROL RANGES	STRATEGIC ASSET ALLOCATION		CONTROL RANGES
ASSET ALLOCATION	International Equities	100%	80% - 100%	International Equities	100%	80% - 100%
	Cash	0%	0% - 20%	Cash	0%	0% - 20%
	Total	100%		Total	100%	

# Standard risk measure guidance: The standard risk measure is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. The standard risk measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a customer may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Customers should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s).



# Investment options

## Default investment option

Your member statement outlines your investment holdings as at 30 June 2019. If you do not select an investment option when joining LESF, your member account will be invested in the MySuper option.

You can change your investment option selection at any time. If you wish to switch to another investment option or mix of options with LESF, you can either log in to your online account to switch online, or request an Investment Switch form from LESF Member and Adviser Services on 1800 359 686.

Your current investment selection can be viewed online or by contacting LESF Member Services.

For further information on member investment choice, please refer to the LESF Product Disclosure Statements (PDS) and the LESF Member Guides, which are available on the Fund's website [www.lesf.com.au](http://www.lesf.com.au) or by calling LESF Member and Adviser Services on 1800 359 686.

## Defined benefits

Members of LESF sub plan Macmahon Employees Super with defined benefits do not have a choice of investment options in relation to the accounts supporting their defined benefits. Instead, assets relating to defined benefits are invested in their own investment option, with monthly earnings declared by the Trustee, on an interim basis during the financial year, with the final earnings rate declared upon completion of the financial accounts for the financial year ended 30 June 2019.



# Investment allocation

## Asset allocation by asset class as at 30 June 2019

The following table provides information on the portfolio asset allocation as at 30 June 2019.

	CASH	AUSTRALIA N FIXED INCOME	GLOBAL FIXED INCOME	AUSTRALIA N EQUITIES	INTERNATION AL EQUITIES	GLOBAL PROPERTY	GLOBAL INFRASTRU CTURE
<b>LESF SUPER (INCLUDING MACMAHON EMPLOYEES SUPER)</b>							
<b>CASH</b>	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>MODERATE</b>	28.11%	28.71%	13.03%	12.88%	14.67%	2.61%	0.0%
<b>GROWTH MYSUPER</b>	7.71%	9.05%	12.16%	30.33%	34.35%	6.41%	0.0%
<b>HIGH GROWTH</b>	5.36%	3.64%	5.26%	37.98%	44.52%	3.24%	0.0%
<b>DIVERSIFIED SHARES</b>	0.60%	0.0%	0.0%	48.70%	50.69%	0.0%	0.0%
<b>GROWTH PENSION</b>	9.11%	8.94%	12.0%	29.93%	33.90%	6.12%	0.0%
<b>GROW SUPER</b>							
<b>GROW 30</b>	0.6%		12.5%		18.4%	3.5%	65.0%
<b>GROW 40</b>	0.2%		14.7%		23.9%	4.5%	56.7%
<b>GROW 50</b>	1.2%		17.6%		30.1%	5.5%	45.6%
<b>GROW 60</b>	2.4%		20.7%		34.0%	6.5%	36.4%
<b>GROW 70</b>	2.8%		23.6%		40.6%	7.4%	25.6%
<b>GROW 80</b>	4.3%		23.3%		44.9%	8.3%	19.2%
<b>GROW 100</b>	4.2%		32.2%		53.6%	10.0%	0.0%
<b>GROW INDUSTRIAL TECH</b>	3.8%		0.0%		96.2%	0.0%	0.0%
<b>GROW FUTURE INTERNET</b>	3.6%		0.0%		96.4%	0.0%	0.0%
<b>GROW GLOBAL SUSTAINABI LITY</b>	4.7%		0.0%		95.3%	0.0%	0.0%
<b>GROW GREEN ENERGY</b>	5.8%		0.0%		94.2%	0.0%	0.0%
<b>GROW GLOBAL PROPERTY</b>	2.6%		0.0%		0.0%	97.4%	0.0%

# Investment allocation

## Asset allocation by asset class as at 30 June 2019

	CASH	AUSTRALIA N FIXED INCOME	GLOBAL FIXED INCOME	AUSTRALIA N EQUITIES	INTERNATI ONAL EQUITIES	GLOBAL PROPERTY	GLOBAL INFRASTRU CTURE
<b>ZUPER SUPER</b>							
<b>IMPACT</b>	2.29%	17.56%	6.22%	31.59%	29.43%	8.03%	4.88%
<b>IMPACT PLUS</b>	3.60%	17.81%	4.13%	30.05%	29.47%	7.05%	7.85%
<b>GREEN</b>	4.25%				95.75%		
<b>HEALTH</b>	4.61%				95.39%		
<b>TECH</b>	4.26%				95.74%		

**Note:** Exposure to Australian Equities also includes some (additional) exposure to listed property trusts. Thus the effective property exposure for some pools is slightly higher than shown above.

Further information regarding the Fund's investment options for accumulation and pension members is available in the current PDS and Guides relevant to your membership in LESF Super or the specific sub plan of the Fund. These documents are available by phoning LESF Super Member and Adviser Services on 1800 359 686 or online at [www.lesf.com.au](http://www.lesf.com.au), or online at [growsuper.com.au](http://growsuper.com.au) or [zupersuper.com.au](http://zupersuper.com.au).

You should consider the most up to date PDS and PDS Guides where applicable, Annual Report and any Significant Event Notices provided to you when choosing an investment option.

## Hedge funds

The Trustee has authorised, and will continue to permit exposure to, the asset class commonly referred to as 'hedge funds'. These investments, may also be known as 'absolute return' investments, and have as their overall objective to produce positive returns not defined or measured against any one benchmark. While these investments can be considered as higher risk, LESF's exposure is limited to products which have carefully selected fund managers to reduce some aspects of this risk.

## Derivatives

The Trustee does not enter into any derivatives contracts on its own account. However, external managers may use derivatives instruments and hedging procedures to protect an investment from adverse movements in the investment market, but may not gear the investment ('Gearing' is a measure of borrowing against assets or borrowing to fund investments).

The Fund does not hold any derivative contracts.

# Investment performance

A superannuation funds investment performance typically varies over time. Because superannuation is a long term investment, longer term returns (such as 5 and 10 investment returns) smooth out short term results. Depending on the nature of each investment option (including its risk profile), an investment option may experience negative returns from time to time and it is generally not appropriate to assess the performance of an investment option by the return for a single year or other short term periods.

Actual returns will be determined by the investment strategy adopted and prevailing market conditions. The Fund's monthly investment performance information is also made available by phoning 1800 359 686 or online at [www.lesf.com.au](http://www.lesf.com.au), via Member Online, via [growsuper.com.au](http://growsuper.com.au), and [zupersuper.com.au](http://zupersuper.com.au). Information on investment performance relating to your Account specifically is provided in your Annual Member Statement for the financial year ended 30 June 2019.

## LESF Super (including Macmahon Employees Super) investment performance returns (%)

INVESTMENT OPTION	2019 <sup>1</sup>	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>	5 YEAR COMPOUND RETURN <sup>1</sup>	10 YEAR COMPOUND RETURN <sup>1</sup>	RETURN SINCE INCEPTION <sup>3</sup>
<b>ACCUMULATION</b>								
<b>CASH</b>	0.64	1.4	0.7	0.8	1.2	0.94 <sup>4</sup>	3.77 <sup>4</sup>	2.14
<b>MODERATE*</b>	5.37	4.9	1.3	3.3	N/a	N/a	N/a	3.67
<b>GROWTH (MYSUPER)*</b>	7.48	11.4	7.2	0.1	6.0	6.38 <sup>4</sup>	6.53 <sup>4</sup>	4.03
<b>HIGH GROWTH*</b>	7.94	12.3	8.3	N/a	N/a	N/a	N/a	7.85
<b>DIVERSIFIED SHARES</b>	8.64	12.7	10.0	-2.2	6.7	7.05 <sup>4</sup>	6.86 <sup>4</sup>	4.26
<b>PENSION</b>								
<b>GROWTH (PENSION*)</b>	8.60	10.1	8.0	0.3	N/a	N/a	N/a	4.8

<sup>1</sup> One-year returns are to 30 June 2019 and Compound returns are annualised averages to 30 June 2019

<sup>2</sup> All investment returns are net of all investment fees and taxes, excluding fees charged to members directly such as administration and activity fees.

<sup>3</sup> When the 5 or 10-year compound returns are unable to be determined, the since inception return is provided.

<sup>4</sup> 5 and 10-year returns are based on the crediting rates that applied to the option prior to 31 May 2014.

\* The MySuper Investment Option opened on 1 January 2014, the Pension Balanced option on 21 December 2014, Super Conservative option on 6 March 2015, High Growth and Listed Property investment option on 30 October 2015.



# Investment performance

## GROW Super investment performance returns (%)

INVESTMENT OPTION*	2019 <sup>1</sup>	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>	5 YEAR COMPOUND RETURN <sup>2</sup>	10 YEAR COMPOUND RETURN <sup>2</sup>	RETURN SINCE INCEPTION <sup>3</sup>
GROW 30	5.0%	3.2%	N/a	N/a	N/a	N/a	N/a	3.53%
GROW 40	4.7%	3.4%	N/a	N/a	N/a	N/a	N/a	3.56%
GROW 50	5.4%	5.3%	N/a	N/a	N/a	N/a	N/a	4.62%
GROW 60	5.5%	4.6%	N/a	N/a	N/a	N/a	N/a	4.53%
GROW 70	6.2%	7.3%	N/a	N/a	N/a	N/a	N/a	5.87%
GROW 80	6.0%	6.7%	N/a	N/a	N/a	N/a	N/a	5.40%
GROW 100	6.0%	9.0%	N/a	N/a	N/a	N/a	N/a	6.47%
GROW INDUSTRIAL TECH	3.7%	21.9%	N/a	N/a	N/a	N/a	N/a	9.81%
GROW FUTURE INTERNET	9.2%	51.6%	N/a	N/a	N/a	N/a	N/a	25.58%
GROW GLOBAL SUSTAINABILITY	9.8%	10.9%	N/a	N/a	N/a	N/a	N/a	9.03%
GROW GREEN ENERGY	25.0%	4.4%	N/a	N/a	N/a	N/a	N/a	12.61%
GROW GLOBAL PROPERTY	15.5%	6.5%	N/a	N/a	N/a	N/a	N/a	9.18%

<sup>1</sup> One year returns are to 30 June and net of all investment fees and taxes, excluding fees charged to members directly such as administration and activity fees.

<sup>2</sup> Annual returns are compound annualised averages to 30 June 2019 and net of all investment fees, admin fees and taxes.

<sup>3</sup> When the 5 or 10 years compound return is unable to be determined, the since inception return is provided.

\* All Grow Super Investment Options opened on 12 May 2017.

# Investment managers

## Zuper Super investment performance returns (%)

INVESTMENT OPTION	2019 <sup>1</sup>	2018 <sup>1</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>	5 YEAR COMPOUND RETURN <sup>2</sup>	10 YEAR COMPOUND RETURN <sup>2</sup>	RETURN SINCE INCEPTION <sup>3</sup>
<b>ACCUMULATION</b>								
<b>IMPACT</b>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	6.38%*
<b>IMPACT PLUS</b>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	5.85%*
<b>HEALTH</b>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	1.73%*
<b>GREEN</b>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	14.36%*
<b>TECH</b>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	1.96%*

<sup>1</sup>One year returns are to 30 June and net of all investment fees and taxes, excluding fees charged to members directly such as administration and activity fees.

<sup>2</sup> Annual returns are compound annualised averages to 30 June 2019.

<sup>3</sup> When the 5 or 10 years compound return is unable to be determined, the since inception return is provided.

\*All Zuper Super Investment Options opened on 18 June 2018, with first investments placed from 5 July 2018.

Neither past performance nor volatility is a reliable indicator of what may happen in the future. Neither capital nor returns are guaranteed.

Past performance is calculated net of investment fees and taxes, excludes fees charged to member Accounts directly, and does not take into account inflation

# Investment managers

The assets of the Fund are invested in a range of investment funds or products. The table below provides information regarding the Fund's total holdings in the investment funds or products of the underlying fund managers managed the investment funds or products in which assets of LESF Super were invested as at 30 June 2019.

## LESF Super

- Mercer Investments (Australia) Pty Limited

## GROW Super

- Dimensional Fund Advisors

**Note:** the underlying fund managers utilised by the Trustee for the investment of the Fund's assets may be changed from time to time at the absolute discretion of the Trustee. They are shown in this report to provide historical information about the investments of the Fund during the year. You have no ability to choose the underlying fund managers utilised by the Trustee.

## Concentration of assets

As at 30 June 2019, the following investment managers exceeded 5% of the total assets of the LESF Super.

	2019	2018
<b>Mercer (Australia) Pty Ltd</b>	76.9%	NA
<b>State Street Global Advisers</b>	NA	69.9%
<b>Dimensional Fund Advisors</b>	20.1%	16.0%

## Other considerations

Labour standards, environmental, social or ethical considerations are not taken into account in making investment decisions or selecting underlying investment managers or investment funds.

# What's new in super?

*This update was compiled as at November 2019 and is subject to change. For up to date information relating to taxation of superannuation, go to [ato.gov.au](http://ato.gov.au) or contact the Fund.*

Over the past financial year, there have been several changes to laws surrounding superannuation, some of which may apply to you.

## The First Home Super Saver (FHSS) scheme

From 1 July 2018, you've been able to withdraw up to \$30,000 you may have voluntarily contributed to your super account since 1 July 2017 for the purposes of buying your first home. The benefit of this scheme is that because your deposit is being saved through super, you could pay less tax than on outside-super savings.

There have been some changes to the FHSS scheme over the past financial year, though, which came into effect on 1 July 2019. These are:

- The FHSS scheme can only be used to buy a home in Australia,
- You must apply for and receive a FHSS determination from the Australian Taxation Office before signing a contract for your first home or applying for the release of your FHSS savings, and
- You have 12 months from the date you made a release request to either sign a contract to purchase or construct your home (and notify the ATO within 28 days of signing) or recontribute the assessable amount FHSS amount (minus withheld tax) into your super and notify the ATO within 12 months of the valid release request date.

## Protecting Your Superannuation Package Legislation

### Changes to your insurance cover

From 1 July 2019, with the implementation of the Protecting Your Superannuation Package legislation, if your account is considered "inactive" – that is, the account hasn't received a contribution or rollover for 16 months (regardless of your account balance), your insurance cover will be terminated.

The Fund regularly communicates with members to provide notifications of the possible cancellation of their insurance at 9 months, 12 months and at 16 months after the account has last received a contribution. Where members wish to retain their insurance cover, they may 'Opt In' by completing and forwarding or emailing to the Fund the Opt In to maintain or reinstate insurance cover form, and/or completing and forwarding or emailing to the ATO notification of not being an Inactive member.

Both of these forms can be found on the Secure Online Portal in the FAQ/Forms tab.

### Caps on certain fees

From 1 July 2019, a cap will be applied on administration fees, investment fees and certain costs charged to your account if your account has a balance of \$6,000 or less on the last day of the financial year (or when the account is closed).

That cap is 3% of your account balance. If you're charged more than that during the financial year, you'll be refunded the excess within three months from the end of the financial year, or at the time you close your account. In addition to the above, exit fees have been banned on all super accounts. Please note that other fees might still apply.

# What's new in super?

## Unclaimed Super Monies Act (Amendment)

### Treatment of inactive low-balance super accounts

From 31 October 2019, if you have an inactive low-balance account, the ATO will try to match said account with your active one. This also applies to accounts identified as being low-balance and inactive from 30 June 2019, which must be transferred to the ATO by 31 October 2019.

An inactive low-balance account is defined as:

- Having an account balance lower than \$6,000,
- For the past 16 months the member:
  - hasn't received any rollovers or contributions,
  - hasn't completed a request to change investment options,
  - hasn't met a prescribed condition of release,
  - hasn't made a binding beneficiary nomination, or not made amendment to an existing nomination,
  - hasn't changed their insurance coverage
  - the Account holder hasn't given notice to the Commissioner of Taxation that the account is not an inactive low balance account
  - the superannuation provider was not owed money.

Further information can be found on the ATO website at <https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Inactive-low-balance-super-accounts/>.

## Changes to the Work Test

From 1 July 2019, an exemption from the Work Test for voluntary contributions will apply if you're between 65 and 74 and have an account balance below \$300,000. The new exemption means you will be able to make voluntary contributions for one more year after you stop working. The Work test exemption allows an individual's super fund to accept voluntary contributions made by individuals aged between 65 to 74 for an additional 12 months.

This exemption applies for a further 12 months from the end of the financial year in which you last met the Work Test. It doesn't apply if you've used the Work Test exemption previously.

In addition, from 1 July 2020, if you're between 65 and 66 you'll be able to make voluntary super contributions without meeting the Work Test. On top of that, you will also be able to make up to three years of non-concessional contributions under the bring-forward rule.

## Coming Soon

### Putting Members Interests First Act 2019

#### (being implemented in the 2019/2020 financial year)

This Bill was passed by Federal Parliament in September 2019, and will be implemented on 1 April 2020.

It is designed to protect low balance accounts and the superannuation savings of members aged under 25 from balance erosion due to insurance coverage they may not need.

From 1 April 2020, insurance cover must now be offered on an opt-in basis – meaning you'll have to choose to participate in insurance cover, rather than having it applied by default – if you're under 25 or have a balance less than \$6,000.



# What's new in super?

There is one exception to this, and that's if you work in what's determined to be a "dangerous occupation" such as the police force, truck driving, farming or concreting.

The Trustee will be writing to members in early December providing details on the impact of PMIF to members. Further information can be found on the Federal Government website

# Important information

## Abridged financial information

Set out below is the abridged financial information relating to LESF Super, and LESF Super sub plans GROW Super and Zuper Super

### Statement of LESF Super consolidated financial position as at 30 June 2019

	2019 \$'000	2018 \$'000
<b>OPENING NET ASSETS AS AT 1 JULY</b>	217,857	196,569
<b>INCREASE (DECREASE)</b>	14,175	21,288
<b>CLOSING NET ASSETS</b>	232,032	217,857

\* The Funds financial accounts have been prepared in accordance with accounting standard AASB1056 Superannuation Entities applicable to reporting periods on or after 1 July 2016. The Funds financial accounts and audit report can be made available to Members on request by phoning Member Services (Refer Directory on the back page).

### LESF Super – Statement of member movements as at 30 June 2019

	2019 \$'000	2018 \$'000
<b>OPENING MOVEMENTS AT 1 JULY</b>	173,086	167,472
<b>INCREASE (DECREASE)</b>	(2,341)	5,614
<b>CLOSING MEMBER MOVEMENTS AS AT 30 JUNE 2018</b>	170,745	173,086

### GROW Super – a sub plan of LESF Super (commencement date 14 May 2017)

#### Statement of member movements as at 30 June 2019

	2019 \$'000	2018 \$'000
<b>OPENING NET ASSETS AS AT 1 JULY</b>	39,612	21,615
<b>INCREASE (DECREASE)</b>	3,759	17,997
<b>CLOSING NET ASSETS</b>	43,371	39,612

# Important information

## Zuper Super – a sub plan of LESF Super (commencement date 18 June 2018)

Statement of member movements as at 30 June 2019

	2019 \$'000	2018 \$'000
<b>OPENING NET ASSETS AS AT 1 JULY</b>	0	0
<b>INCREASE (DECREASE)</b>	6,662	0
<b>CLOSING NET ASSETS</b>	6,662	0

### Reserves

The Trustee maintains the following reserves in the Fund for the benefit of members. Reserves are held to meet licence conditions, facilitate administration efficiency and are invested for the benefit of members. The Fund's reserves are invested in Cash.

### Operational risk financial requirement

Trustees of super funds are required to establish and maintain an Operational Risk Financial Reserve (ORFR) which complies with prudential requirements to ensure that the Trustee has sufficient financial resources to provide for member and/or beneficiary losses arising from an operational risk event such as incorrect benefit payments due to human or system error, unit pricing errors and loss of data. The reserve is funded from fees and other costs. Expense recovery fees may include a transfer to the ORFR to meet this regulatory requirement. Please refer to the current PDS and Guides for more information.

### Expense reserve

The Trustee maintains an expense reserve (ER) for costs not related to the administration of the fund. The expense reserve complies with prudential requirements and is utilised for the payment of fund fees, costs, tax and levies. Please refer to the current PDS and Guides for more information

## LESF Super – reserves as at 30 June 2019

	EXPENSE RECOVERY/GENERAL RESERVE \$'000	ORFR \$'000
<b>FINANCIAL YEAR</b>		
<b>2018/2019</b>	\$412	\$542
<b>2017/2018</b>	\$392	\$494
<b>2016/2017</b>	\$342	\$449

# Important information

## Macmahon Employee's Super – Defined Benefit Plan

The defined benefit plan is over/(under) funded by the amounts disclosed below:

	2019 \$'000	2018 \$'000
<b>DEFINED BENEFIT PLAN – OVER FUNDED</b>	46	40

## Allocating net earnings to members' accounts

Your account balance is equal to the amount of units held multiplied by the applicable unit price(s). The value of each unit held and the unit price for each investment option changes with the value of the underlying assets of the investment option.

## The unit pricing process

- We calculate the value of the underlying assets of each pooled investment option once every day.
- The value of the underlying assets is divided by the number of units on issue for that investment option.
- This is the unit price that will be applied to your transaction request.

## Types of unclaimed super

Superannuation legislation requires the Trustee of the fund to transfer information and superannuation benefits to the Australian Taxation Office (ATO) when member benefits are classified as Unclaimed Super.

There are two ATO reporting periods each year (by 31 October for the 30 June six-month period, and by 30 April for the 31 December six-month period).

- 1. Member aged 65 years or older** – your account has been inactive for two years or more, and we have not been able to make contact with you for five years.
- 2. Non-member spouse** - An amount payable to a non-member spouse – a payment split for an interest is due to a non-member spouse, and after making reasonable efforts to contact, the non-member spouse, and after a reasonable period has passed, we are unable to ensure that the non-member spouse will receive the amount.
- 3. Deceased member** – the trustee is unable (after reasonable endeavour) to locate a beneficiary to pay your benefit to.
- 4. Temporary residents** – temporary residents permanently leaving Australia have up to six months to claim their super and if not claimed the amount will be transferred to the ATO.
- 5. Former temporary resident member** and you have not claimed your benefit after six months from your visa expiry or cancellation date and you are not Australian or New Zealand citizen.

# Important information

**6. Small and insoluble lost member** – when your balance is less than \$6,000 (small lost member account). and you are considered as:

- **uncontactable** – two pieces of mail sent to you have been returned undelivered, no contributions or rollovers have been received within the last 12 months, and the fund is satisfied that it will never be possible to pay an amount to the member (insoluble lost member account)

**7. Holding an Inactive low-balance account** – A super account is an inactive low-balance account if all of the following criteria are met on unclaimed money day where:

- no contribution or rollover has been received for 16 months,
- the account balance is less than \$6,000,
- the member has not met a prescribed condition of release,
- the account is not a defined benefit account,
- there is no insurance on the account, or
- the Fund is not a self-managed super fund (SMSF) or small Australian Prudential Regulation Authority (APRA) Fund.

## When is an Inactive Low-Balance Account considered active?

An inactive low-balance account is deemed to be active if any of the following have occurred within the last 16 months. The member:

- changed their investment options,
- changed their insurance coverage,
- made or amended a binding death benefit beneficiary nomination,
- notifies the ATO in writing that they are not a member of an inactive low-balance account, or
- owes the super provider an amount in respect of their membership.

Further information can be obtained from the website [ato.gov.au/Individuals/Super/Growing your super](http://ato.gov.au/Individuals/Super/Growing_your_super)



If you don't want your super member benefits are not transferred to the ATO, contact the Fund and advise of any change in your personal contact details by phoning Member Services, or submitting the ATO form advising you are an active member available in the FAQ/Forms tab via the Secure Online Portal or (Refer to the Directory on the back page)



# Important information

## Member statements

Your Annual Member Statement is published online within your Account. Additionally, product updates and personalised communications are also published to you online.

## Superannuation surcharge tax

While the superannuation surcharge was abolished with effect from 1 July 2005, the ATO may still issue assessments in relation to previous years. Any amounts dedicated by the Fund in relation to the superannuation surcharge tax payable will be reflected in the transaction section of your Annual Member Statement.

## Eligible rollover fund

Subject to any obligation to pay lost member benefits to the ATO, in situations where your member benefit is classified as lost super monies, there are circumstances in which the Trustee would pay a member benefit to an eligible rollover fund (ERF). An ERF receives and invests the entitlements of superannuation fund members in certain circumstances.

The Trustee may transfer your superannuation benefit to the Plan's ERF if you become:

- an inactive member (that is, you joined the Plan more than 16 months ago, but in the last 16 months there have been no contributions or rollovers credited to your account), or are
- a lost member (that is, two items of written communication from the Plan have been sent to your last known address and have been returned unclaimed in the last 12 months).

Being transferred to an ERF may affect your benefit because:

- you will cease to be a member of the Plan,
- any insurance cover you had with the Plan will cease, and
- you will become a member of SMERF and be subject to its governing rules.

The ERF currently selected by the Trustee is:

### Super Money Eligible Rollover Fund (SMERF)

<b>Phone:</b>	1800 114 380
<b>Write:</b>	PO Box 1282, Albury NSW 2640
<b>Visit:</b>	<a href="http://www.smerf.com.au">www.smerf.com.au</a>

The Trustee is also the Trustee of SMERF and receives remuneration in this capacity.

## Conflicts

The Trustee's approach to conflicts management is governed by its Conflicts Management Policy, which sets out the principles and the minimum requirements of the Trustee. Conflicts are identified, recorded and managed on an ongoing basis via the Trustee's registers of relevant duties and interests and via other related Trustee policies, systems and processes. Training and awareness with respect to the Trustee's Conflicts Management Framework is undertaken annually.

## Enquiries and Complaints

The Trustee has set up a formal procedure for dealing with complex enquiries and complaints about LESF or your LESF account, including insurance. You can make an initial enquiry by phoning Member and Adviser Services, or you can formally register your complaint by email or by writing to the Complaints Officer: A

# Important information

summary of the enquiries and complaints process will be provided with an acknowledgement at the time of your enquiry or complaint.

<b>Phone:</b>	1800 359 686
<b>Email:</b>	lesf@onevue.com.au
<b>Write:</b>	Complaints Officer LESF Super PO Box 1282 Albury NSW 2640

We aim to resolve all complex enquiries and complaints quickly and fairly. If you are not satisfied with the final decision, or we have not responded within 90 days from the date that your complaint is received, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA), our external dispute resolution (EDR) scheme.

Commencing from 1 November 2018, AFCA is an EDR scheme that deals with complaints from consumers in the financial system. AFCA replaced the Superannuation Complaints Tribunal.

Strict time limits apply for lodging certain complaints with AFCA; otherwise AFCA may not be able to deal with your complaint.

To find out if AFCA can handle your complaint and determine the type of information you need to provide, AFCA contact details are as follows:

<b>Phone:</b>	1800 931 678
<b>Email:</b>	info@afca.org.au
<b>Write:</b>	Australian Financial Complaints Authority (AFCA) GPO Box 3 Melbourne VIC 3001
<b>Visit:</b>	afca.org.au

Access to AFCA is free of charge. You can also find out more about LESF enquiries and complaints procedures at the Funds website.

# Important information

## Information on request

The following information is available on the Fund website, via the Secure Online Portal and/or by contacting Member and Adviser Services (refer to the Directory on the back page):

- the Fund's various PDS (including Investment Guide, Insurance Guide and Additional Information Guide which are incorporated by reference, where applicable),
- the Fund's regular investment performance,
- recent member newsletters,
- the Fund's Trust Deed and Rules,
- all Forms, e.g. the Nomination of Beneficiaries Form,
- information about your benefit entitlements, and
- any other information that may help you understand particular investments of the Fund or its management.

# Directory

## Obtaining further information

### Adviser Services

**Phone:** 1800 359 686

**Email:** lesf@onevue.com.au

**Website:** lesf.com.au

**Mail:** PO Box 1282 Albury NSW 2640

### Trustee

#### Diversa Trustees Limited

ABN 49 006 421 638

AFSL No 235153

RSE Licence No L0000635

GPO Box 3001

Melbourne VIC 3001

### Auditors

#### PricewaterhouseCoopers

ABN 52 780 433 757

Freshwater Place

2 Southbank Boulevard

Southbank VIC 3006

### Custodian

#### Sandhurst Trustees Limited

ABN 16 004 030 737

Level 5, 120 Harbour Esplanade

Docklands VIC 3008

### Asset Consultant

#### Mercer Investments (Australia) Limited

ABN 66 008 612 397

AFSL No 244385

One International Towers Sydney

100 Barangaroo Avenue

Sydney NSW 2000

### Administrator

#### OneVue Super Services Pty Ltd

ABN 74 006 877 872

AFSL No 246883

PO Box 1282

Albury NSW 2640

### Promoter

#### OneVue Wealth Services Ltd

ABN 70 120 380 627

AFSL 308868

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