

# Annual Report

# 2015

The University of Adelaide Superannuation Scheme A 1985

## **Tidswell Financial Services Ltd**

ABN 55 010 810 607

Australian Financial Services Licence Number 237628

Registrable Entity Licence Number L0000888

## **The University of Adelaide Superannuation Scheme A 1985**

ABN 94 615 635 536

Superannuation Entity Registration Number R1067637

50 Hindmarsh Square

ADELAIDE SA 5000

Phone +61 8 8223 1676

Email [mail@tidswell.com.au](mailto:mail@tidswell.com.au)

Fax +61 8 8232 1675

Web [www.tidswell.com.au](http://www.tidswell.com.au)

We are pleased to present our annual report for the financial year ended 30 June 2015. This report incorporates information on the investments in the University of Adelaide Superannuation Scheme A 1985 (the Scheme), together with important general information relevant to members and pensioners.

## Contents

Trustee .....	4
Policy Committee.....	4
Custodian.....	4
Audit.....	4
Compliance.....	4
Investment objective.....	5
Investment overview .....	6
Investment performance.....	7
Use of derivatives in the Scheme .....	8
Your benefits are 'defined' .....	8
Some of your benefits 'accumulate' .....	8
Interim rate .....	8
Unsegregated assets.....	8
Agreed rate of 5.6% pa.....	8
Notional ASSS rate of 5.6% pa.....	9
Actual asset allocation at 30 June 2015.....	9
Investment management.....	9
Scheme service providers .....	10
Insurance protection .....	10
Insurance benefits .....	10
Scheme costs and expenses.....	10
Employer contributions .....	10
Financial summary.....	11
Inquiries & complaints procedures.....	11
Unclaimed benefits .....	12
Eligible Rollover Fund.....	12
Member's right to request information.....	12
Privacy.....	13
Disclaimer.....	13
Contact us .....	13

# Trustee's Report

## Trustee

The Trustee of the Scheme, under the Trust Deed governing the rules of the Scheme, is Tidswell Financial Services Ltd ABN 55 010 810 607.

The Directors of the Trustee at the end of the reporting period were Mr Michael Terlet AO, Mr Ron Beard, Mr Stephen Heath and Mr Jeffrey Tidswell.

The Trustee holds a Registrable Superannuation Entity Licence (Number L0000888) and an Australian Financial Services Licence (Number 237628) under the Corporations Act. The Trustee holds professional indemnity insurance.

The Trustee has agreed to act as the independent corporate Trustee and the Scheme is administered in-house by the Trustee.

## Policy Committee

The Policy Committee has been established to act as a conduit between the Trustee, the Employer and the members of the Scheme. There are two members of the Policy Committee who are appointed by the members of the Scheme and two are appointed by the University of Adelaide. A representative of the Trustee chairs the Policy Committee.

The members' representatives are:  
Mr Michael V Guerin  
Mr Peter Zalewski

The University of Adelaide's representatives are:  
Mr Geoffrey H Purdie  
Mr Andre Scott

The Trustee representative is:  
Mr Jeff Tidswell

In certain instances, under the *Superannuation Industry (Supervision) Act*, equal representation between the members and employer is required.

## Custodian

The independent corporate Custodian of the Scheme, under a written agreement with the Trustee, is:

Australian Executor Trustees Limited  
ABN 84 007 869 794  
Level 22, 207 Kent Street  
SYDNEY NSW 2000

## Audit

Grant Thornton completed an audit and signed the accounts for the Scheme on 29 October 2015.

These accounts will not be distributed to members or pensioners, but are available on request. However, a summary of the accounts are included in this report.

## Compliance

The Trustee believes that the Scheme has satisfied the Superannuation Industry (Supervision) Regulations (SIS) for the three years ended 30 June 2015, and that the Australian Prudential Regulation Authority (APRA) will be satisfied that the Scheme is operating in accordance with SIS. The Trustee believes that the Scheme has satisfied SIS for the period beginning 1 July 2015 to the date on which this report was completed.

## Investment objective

The money in the Scheme is invested so that the Trustee may provide members with their benefits on retirement.

The Trustee has an investment policy that sets an investment strategy and objectives covering how and where the Scheme's assets will be invested. While having an objective and strategy are required by law, having a strategy helps ensure that the Scheme maximises investment returns while maintaining an acceptable level of risk.

The investment policy monitors the Scheme's performance against its objectives and strategy, and changes are made where necessary. A copy of the Scheme's investment policy statement is available on request.

The Trustee's overall investment objective is to obtain the best long-term return possible without incurring excessive risks.

The following strategic asset allocations currently apply and the portfolio is within these benchmarks. The actual asset allocated at 30 June 2015 is illustrated:

	Actual (%)	Benchmark (%)	Range (%)
<b>Growth</b>			
Property	7	10	0-20
Australian Equities	38	30	20-40
International Equities	20	25	15-35
<b>Total Growth Assets</b>	<b>65</b>	<b>65</b>	<b>55-75</b>
<b>Defensive</b>			
Cash	16	5	0-45
Fixed Interest	19	30	20-40
<b>Total Defensive Assets</b>	<b>35</b>	<b>35</b>	<b>25-45</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	

The minimum return objective commencing 1 July 2006 for the assets is AWOTE plus 5% pa over the three-year periods between actuarial reviews.

**Please note that the objectives are not a forecast or guarantee of future performance.**

# Trustee's Report

## Investment overview

This year has again been very challenging for investors and particularly Australia where the Reserve Bank of Australia (**RBA**) did all it could to improve growth by reducing the cash rate to a new record low of 2%, as well as talking the Australian dollar down. It would appear there could be more interest rate cuts on the horizon because of the poor business investment outlook, weakness in commodity prices and the Australian dollar remaining too high for the RBA's liking. The Chinese slowdown has been a major contributor to the fall in commodity prices and the Australian dollar.

Whilst lower interest rates are good for borrowers they have certainly had a negative impact on savers and particularly self-funded retirees. There is an important trade-off between the risk investors take and the returns they achieve. The more risk the higher the potential return.

Investment returns for the different asset classes as at 30 June 2015 are detailed in the table below:

	1 year %	3 years % pa	5 years % pa	10 years % pa
<b>Balanced Fund</b> Morningstar Aus Multisector Balanced TR AUD	10.31	12.39	9.42	6.28
<b>Australian Shares</b> S&P/ASX200 TR	5.68	15.06	9.69	7.08
<b>Australian Industrial Shares</b> S&P/ASX200 Industrial TR	11.20	20.17	14.46	8.00
<b>Australian Resources Shares</b> S&P/ASX200 Resources TR AUD	-16.55	-2.90	-5.00	3.91
<b>International Shares</b> MSCI World Ex Australia NR AUD	25.18	26.12	15.43	6.27
<b>Emerging Markets</b> MSCI EM NR AUD	16.51	14.16	5.66	8.02
<b>Australian Property</b> S&P/ASX200 A-REIT TR	20.26	18.39	14.29	2.52
<b>International Property</b> FTSE EPRA/NAREIT Developed NR Hdg AUD	9.05	14.39	15.08	6.78
<b>Australian Fixed Interest</b> Bloomberg AusBond Composite 0 + Yr TR AUD	5.63	4.82	6.44	6.25
<b>International Fixed Interest</b> Barclays Global Aggregate TR Hdg AUD	5.62	5.98	7.27	7.34
<b>First Mortgages (Tidswell)</b> Pooled Mortgage Managed Investment Scheme	6.72	7.10	7.87	8.65
<b>Cash</b> RBA Bank accepted Bills 90 Days	2.31	2.76	3.52	4.57
<b>Consumer Price Index (CPI)</b>	1.51	2.30	2.33	2.67
<b>AWOTE</b>	0.76	2.11	3.58	4.51

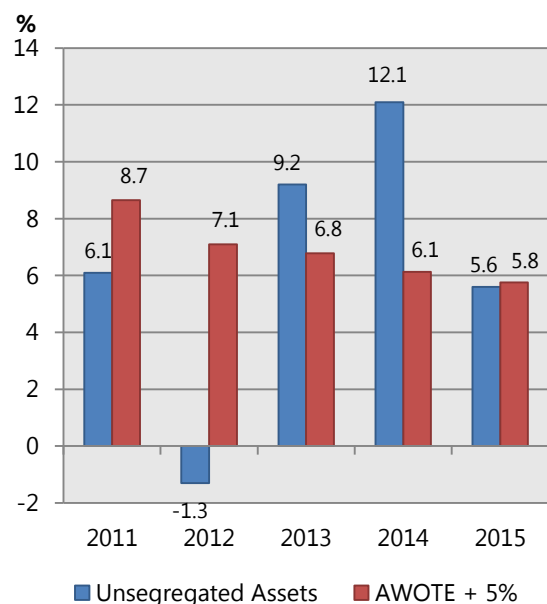
The Morningstar Aus Multisector Balanced Index returned approximately 10.31% for the financial year. This was mainly due to another strong performance by international shares and Australian Real Estate Investment Trusts (**A-REITs**), which returned 25.18% and 20.26% respectively. Much of the increase in share and A-REIT prices has been driven by the low interest rate environment. The high returns from international shares were also enhanced by the falling Australian dollar.

As has been the case for several years now the world's central banks have been increasing global liquidity, yet the economic recovery remains very weak relative to historical data.

The cash return was 2.31% which was above the CPI rate of 1.51%, while Australian fixed interest and international fixed interest returns were 5.63% and 5.62% respectively.

## Investment performance

The graph shows the Scheme's annual effective rate of net earnings for assets held against all liabilities over the past five years, compared with the Scheme's objective of exceeding average weekly earnings (**AWOTE**) plus 5%. Please note that this only impacts on your Member Accumulated Contributions, Transfer Value and Ancillary Accumulation Accounts.



# Trustee's Report

## Use of derivatives in the Scheme

Derivatives, such as futures or options, are investment products whose value is derived from other investments. For example, the value of a share option is linked to the value of the underlying share.

The Trustee does not directly use derivative instruments.

External managers may use derivatives in managing pooled investment vehicles in which the Trustee invests. Where this is the case, the Trustee considers the associated risks and the controls in place by analysing the managers' Derivatives Risk Statements (DRSs). Regular reporting of the managers' compliance with their DRSs is received.

## Your benefits are 'defined'

Generally your benefit on retirement is based on a calculation that takes account of your years of membership and your salary immediately prior to retirement. This part of your retirement benefit is not affected by how the Scheme's investments perform.

## Some of your benefits 'accumulate'

Part of your benefit may be linked to investment performance, i.e. the part of your benefit that depends on your Member Accumulated Contribution, Transfer Value and Ancillary Accumulation Accounts.

## Interim rate

An interim rate is used to update benefits for members leaving the Scheme before the rate is declared for the year. This interim rate is regularly reviewed taking into account the Scheme's investment performance.

## Unsegregated assets

Annual effective rate of net earnings for 2015 (the actual rate of return net of tax and investment expenses)	5.6% pa
Compound average effective rate of net earnings (over the most recent five-year period)	6.2% pa
Agreed rate for the year to 30 June 2015 (applied to your accumulation accounts in the Scheme)	5.6% pa
Compound average agreed rate (over the most recent five-year period)	6.2% pa
Notional ASSS rate for the year to 30 June 2015	5.6% pa
Compound average Notional ASSS rate (over the most recent five-year period)	7.4% pa
AWOTE for the year to 30 June 2015	0.76% pa

## Agreed rate of 5.6% pa

While the Scheme's benefits are primarily linked to salary and years of membership, some of the benefits paid to members who resign from service are based on various accumulations with interest. Also, retirement benefits are subject to a minimum based on an accumulation of members' contributions with interest.

The rate applied to accumulations is called the 'Agreed Rate'. The Trustee determines this rate annually to ensure that it reflects the investment earnings of the assets of the Scheme (other than those assets held to support pensions).

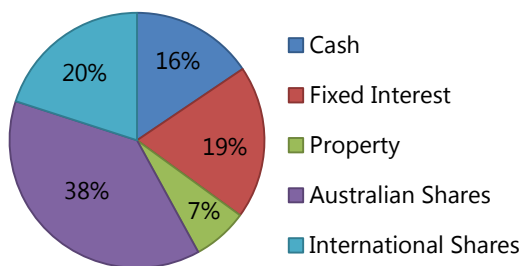
Please note that the Agreed Rate may be positive or negative based on investment earnings. References in this Annual Report to rates applied and accumulations with interest include debiting interest where the Agreed Rate is negative.



## Notional ASSS rate of 5.6% pa

Some members of the Scheme have underlying accumulations with interest, which stem from a previous superannuation scheme known as ASSS. The rate applied to these accumulations is based on yields from Commonwealth bonds and the level of the Agreed Rate. For the year to 30 June 2015, the Notional ASSS rate was set at 5.6%.

## Actual asset allocation at 30 June 2015



## Investment management

The Trustee has appointed the following investment managers to invest Scheme assets in an agreed manner consistent with the investment strategy.

As at 30 June 2015, the Scheme's assets were distributed among these investment managers in the following amounts:

Investment Manager or Product	Amount (\$)	% of Total Assets
Cash at Bank	572,010	4.32%
Bankwest Special Term Deposit	1,000,000	7.56%
St George Bank Term Deposit	35,000	0.26%
BlackRock International Gold Fund – D Class	499,505	3.77%
Colonial First State Wholesale Global Resources	385,068	2.91%
Fidelity Australian Equities Fund	2,417,699	18.27%
Ironbark GTP Global Equity Agribusiness Fund	869,304	6.57%
PIMCO EQT Wholesale Diversified Fixed Interest Fund	1,091,755	8.25%
Platinum International Fund	662,672	5.01%
Schroder Balanced Fund S Class	1,434,326	10.84%
Nikko AM - Tyndall Australian Share Wholesale Portfolio	2,266,061	17.13%
Vanguard Australian Government Bond Index Fund	1,110,363	8.40%
Vanguard Australian Property Securities Index Fund	888,320	6.71%
<b>Total</b>	<b>\$13,232,083</b>	<b>100.00%</b>

Under law, the Trustee must give details of any investment over 5% of the Scheme's total assets. The table above shows the proportions of total assets held in each investment including any individual holdings in excess of 5% of total assets.

# Scheme Overview

## Scheme service providers

These service providers provide assistance to the Trustee:

Actuary:	Mercer Human Resource Consulting
Custodian:	Australian Executor Trustees Limited
Auditor:	Grant Thornton Chartered Accountants & Business Advisors
Legal:	Wallmans Lawyers

## Insurance protection

The Scheme pays for insurance to protect the Trustee, its directors and the Scheme against the financial effects of any 'negligence', or 'fraud' that might occur in operating the Scheme.

## Insurance benefits

The Scheme also provides you with a benefit in the case of your death; this amount is detailed on your annual member statement.

The actuarial formula used to determine the level of insurance has resulted in no insurance being required as there are currently sufficient assets to meet all death and disability benefits if necessary.

## Scheme costs and expenses

Investment managers' expenses are taken into account in the net investment returns determined for the Scheme.

The cost of running the Scheme and the insurance premiums are effectively paid by your employer. The costs involved in running the Scheme are not deducted from your benefit.

The Trustee may charge a fee for providing information for family law purposes or for splitting your super. You will be informed of all the fees and charges at the time.

All expenses are current and may be revised by the Trustee from time to time due to changes to, for example, your superannuation environment (i.e. Government regulations) or trust deed or fee increases charged by our service providers. The Trustee may also introduce new fees. The Trustee will notify you if there is an increase in fees and charges.

## Employer contributions

In a defined benefit fund, you pay a fixed member contribution.

The remaining money required to provide your benefits comes from your employer's contributions and investment earnings. The amount your employer provides depends on the Scheme's investment performance and financial position. An independent actuary advises your employer on the level of employer contributions required to ensure there is enough money to pay members' benefits. The actuary projects likely benefit payouts, salary growth and investment returns to calculate your employer's contribution level.

As at 30 June 2015, your employer was contributing in accordance with the actuary's recommendations. All contributions payable for the year by your employer have been paid to the Scheme.

At 30 June 2015, the Scheme had net assets of \$13,666,083 and vested benefits (the total payouts if all members left the Scheme on that date) of \$13,359,906. This means that the Scheme was in a satisfactory financial position as net assets were sufficient to cover vested benefits.

The actuary has recommended that the University of Adelaide make contributions to the Scheme at rates set to meet the financing objective of 110% vested benefit coverage. The University has paid contributions in accordance with the actuary's recommendations, and has agreed to continue to do so.

## Financial summary

This is a summary of the Scheme's audited accounts for the year ended 30 June 2015. You can request a copy of the audited accounts and auditor's report from the Trustee.

### Statement of change in financial position

	30 June 2015	30 June 2014
<b>Net Assets Opening Balance</b>	<b>\$13,457,773</b>	<b>\$12,287,083</b>
<i>Plus</i>		
Net investment revenue	\$774,711	\$1,525,659
Employer contributions	\$409,299	\$669,061
Member contributions	\$25,817	\$26,746
<b>Total revenue</b>	<b>\$1,209,827</b>	<b>\$2,221,466</b>
<i>Less</i>		
Benefits paid	\$821,708	\$784,895
General administration expenses	\$212,551	\$229,839
Group life insurance premiums	\$-	\$235
Income tax expense/(benefit)	(\$32,742)	\$35,807
<b>Total expenses</b>	<b>\$1,001,517</b>	<b>\$1,050,776</b>
<i>Equals</i>		
<b>Net Assets Closing Balance</b>	<b>\$13,666,083</b>	<b>\$13,457,773</b>

### Statement of financial position

	30 June 2015	30 June 2014
<b>Assets</b>		
Investments	\$13,232,083	\$13,040,028
Other assets	\$445,558	\$425,110
<b>Total assets</b>	<b>\$13,677,641</b>	<b>\$13,465,138</b>
<i>Less</i>		
<b>Liabilities</b>		
Other liabilities	\$11,558	\$7,365
<b>Total Liabilities</b>	<b>\$11,558</b>	<b>\$7,365</b>
<i>Equals</i>		
<b>Net assets</b>	<b>\$13,666,083</b>	<b>\$13,457,773</b>

## Inquiries & complaints procedures

The Trustee has procedures in place to ensure your inquiries and complaints are dealt with fairly and promptly.

If you have a complaint about the Scheme, please call us on (08) 8223 1676 or write to:

Inquiries & Complaints Officer  
Tidswell Financial Services Ltd  
50 Hindmarsh Square  
ADELAIDE SA 5000

Email: [mail@tidswell.com.au](mailto:mail@tidswell.com.au)

### General Complaints

If the matter cannot be resolved by the Trustee to your satisfaction within 90 days, you can lodge an appeal to an external forum, known as the Superannuation Complaints Tribunal (**SCT**). The SCT is an independent body, established by the Commonwealth Government to resolve disputes between superannuation funds and their members and/or potential beneficiaries if the internal complaints procedure of the superannuation fund has failed to resolve the complaint. Acting as a mediator, the SCT aims to resolve issues by mutual agreement. If a mutual agreement cannot be reached, the SCT may review the matter and making a binding decision.

The complaints which the SCT can deal with are limited. If you wish to find out whether the SCT can deal with your complaint and, if so, what information you will need to supply, you may contact them at:

Superannuation Complaints Tribunal  
Locked Bag 3060  
MELBOURNE VIC 3001

Phone: 1300 884 114

Email: [info@sct.gov.au](mailto:info@sct.gov.au)

# Scheme Overview

## Financial Product Advice

If your complaint relates to financial product advice provided by the Trustee or a representative of the Trustee, and you are not happy with the response to your complaint or dispute, or you have not received a response within 45 days, you may be able to lodge a complaint with the Financial Ombudsman Service (**FOS**).

The FOS is an independent body set up to assist consumers in the resolution of complaints relating to the financial services industry, in particular, the provision of financial products and advice. The FOS may be able to assist you to resolve your complaint, but will only become involved after you have made use of Tidswell's complaint handling process. You can contact FOS at:

Financial Ombudsman Service  
GPO Box 3  
MELBOURNE VIC 3001

Phone: 1300 367 287  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## Unclaimed benefits

In certain circumstances the Trustee is required to report and transfer unclaimed superannuation benefits to the Australian Taxation Office.

These unclaimed superannuation benefits include:

- unclaimed superannuation money for
  - a member 65 years old or older;
  - a non-member spouse; or
  - a deceased member.
- unclaimed superannuation money of former temporary residents;
- certain accounts belonging to lost members;
- small amounts (where the balance is less than \$200); and
- inactive accounts (of unidentifiable lost members).

Enquiries about unclaimed superannuation money may be directed to the Australian Taxation Office at the above address or by phoning 13 10 20.

To search for lost superannuation, you can access the Super Seeker tool at the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) or by phoning

13 28 65 and following the prompts. Super Seeker is a free service available 24 hours a day, 7 days a week. To use Super Seeker online or by phone you will need to provide:

- your name;
- date of birth; and
- Tax File Number (**TFN**).

## Eligible Rollover Fund

If you do not advise the Trustee of how to pay your benefits within 90 days of leaving, your super benefit may be paid as a lump sum to an Eligible Rollover Fund.

The Trustee will select a competitive Eligible Rollover Fund at the appropriate time as required.

## Member's right to request information

Members have the right to request copies of the following information from the Trustee:

- The provisions of the governing rules of the Scheme which relate to the person's membership or would affect the entitlements or rights of the member.
- The audited accounts and Auditor's Report.
- The most recent Actuarial Report.
- The most recent Annual Report to members.
- Any other information a member reasonably requires to understand their benefit entitlements.

This information must be provided within 30 days of receiving the member's request.

## Privacy

The Trustee is required to notify you of certain matters relating to the collection and handling of your personal information. More details concerning our practices and procedures are set out in our Privacy Policy, a copy of which is available by contacting Tidswell.

The purpose for which your personal information is collected is to:

- send you information that you request;
- issue you with your superannuation interest (including assessing your application and identifying you);
- manage and administer your superannuation interest in accordance with your instructions;
- deal with any inquiries or complaints you may have; and
- auditing and compliance purposes.

If we do not collect your personal information we may not be able to process your application or manage and administer the product or service.

We will generally only use or disclose your personal information for the purpose for which we collected it, and for related purposes we consider will be within your reasonable expectations. Otherwise, we will seek your consent prior to using or disclosing your personal information for another purpose, unless we are required or permitted by law to do so without seeking your permission.

## Disclaimer

This Annual Report has been prepared by the Trustee to comply with its legislative obligations under the Corporations Act. The information contained in this Annual Report does not take account of the specific needs, nor the personal or financial circumstances of any persons. Readers should obtain specialist advice from a licensed financial adviser before making any changes to their own superannuation arrangements or investments.

The terms of your membership in the Scheme are set out in the Scheme's Trust Deed, and should there be any inconsistency between this Annual Report and the Scheme's Trust Deed, the terms of the Scheme's

Trust Deed prevail. While all due care has been taken in the preparation of this report, the Trustee reserves the right to correct any errors and omissions.

All statements of law or matters affecting superannuation policy are correct at 30 June 2015.

This document contains general information about investments and investment performance. Please remember that past performance is not necessarily a guide to future performance.

## Contact us

If you have a question about your benefits in the Scheme, please contact the Trustee.

Your **Scheme Contact** is:

Mrs Zuzana Richter  
Administration Assistant  
Tidswell Financial Services Ltd  
50 Hindmarsh Square  
ADELAIDE SA 5000

Phone (08) 8223 1676  
Fax (08) 8232 1675  
Email z.richter@tidswell.com.au

Your **Scheme Inquiries & Complaints Officer** is:

Dr Willem Boeree  
Inquiries & Complaints Officer  
Tidswell Financial Services Ltd  
50 Hindmarsh Square  
ADELAIDE SA 5000

Phone (08) 8223 1676  
Fax (08) 8232 1675  
Email w.boeree@tidswell.com.au

**This page has been left blank intentionally**

**This page has been left blank intentionally**

