STATE SUPER
SAS Trustee Corporation

ANNUAL REPORT
2015–16

www.statesuper.nsw.gov.au

MISSION

STC's mission is to provide high quality superannuation services to members to maximise their superannuation benefits and to support the NSW Government in meeting its funding objective.

GLOSSARY

- **Executive** means the executive staff of the SAS Trustee Corporation.
- **PSS** means Police Superannuation Scheme.
- **SANCS** means State Authorities Non-contributory Scheme.
- **SASS** means State Authorities Superannuation Scheme.
- **SAS Trustee Corporation Pooled Fund** (also referred to as the STC Pooled Fund or Fund) means the Pooled Fund of the STC Schemes referred to in s. 81 of the *Superannuation Administration Act 1996*.
- **StatePlus** means State Super Financial Services Australia Limited (trading as StatePlus), which was wholly owned by the State Super Schemes as an asset held within the STC Pooled Fund until June 2016.
- **SSS** means State Superannuation Scheme.
- **STC** means SAS Trustee Corporation.
- **Trustee Board** means the Board of the SAS Trustee Corporation, appointed under s. 69 of the *Superannuation Administration Act 1996*.

2015–16 HIGHLIGHTS

- The STC Pooled Fund is one of the largest superannuation funds in Australia with assets totalling just over $41.0 billion at 30 June 2016.
- The Pooled Fund's net investment revenue for 2015–16 exceeded $1.6 billion.
- The Trustee Selection Strategy for the Pooled Fund earned net investment revenue that resulted in an estimated effective average rate of return to Crown employers of nearly 4.2% (after adjustment for exempt current pension income tax). In addition, the Trustee credited a 5.0% return to members in the Growth Strategy (after tax).
- At 30 June 2016, Fund assets covered 69% of accrued liabilities (actuarially measured using the assumed earning rate of the Fund).
- STC achieved investment returns within the top quartile of the Australian superannuation industry for four of its five strategies.
- In May 2016, after an extensive and rigorous process, STC accepted an offer from First State Super to acquire StatePlus. The transaction was completed in June 2016.
- STC's annual member satisfaction rating from the 2015 survey was eight out of 10, placing it 0.8 points above the general superannuation industry. STC also outperformed its industry peers in seven out of eight individual service areas.
- The statement project transformed our formerly generic, compliance-driven annual benefit statements into informative, visually appealing documents that make it easier for members to understand the critical, but often technical, information on how the fund operates.
- One of the most significant member projects delivered this year was the implementation of the SANCS Additional Employer Contribution (AEC).

Report to the Minister

October 2016

The Hon. Gladys Berejiklian, MP
NSW Treasurer
GPO Box 5341
SYDNEY NSW 2001

Dear Minister,

We have pleasure in submitting to you the Annual Report of the SAS Trustee Corporation covering the period 1 July 2015 to 30 June 2016, for presentation to Parliament.

The Annual Report contains reports for:

- SAS Trustee Corporation
- SAS Trustee Corporation Staff Agency
- SAS Trustee Corporation Pooled Fund
- controlled entities of the SAS Trustee Corporation Pooled Fund[1], being:
  - A-Train Unit Trust
  - Alfred Unit Trust
  - Buroba Pty Limited
  - Duquesne Utilities Trust
  - EG Core Plus Fund No.1(Head Trust)
  - EG Core Plus Fund No.1 Holding Trust No.1
  - EG Core Plus Fund No.1 Holding Trust No.2
  - EG Core Plus Fund No.1 Holding Trust No.3
  - EG Core Plus Fund No.1 Holding Trust No.4
  - EG Core Plus Fund No.1 Holding Trust No.5
  - EG Core Plus Fund No.1 Holding Trust No.6
  - EG Core Plus Fund No.1 Holding Trust No.7
  - EG Core Plus Fund No.1 Holding Trust No.8
  - EG Core Plus Fund No.1 Ownership Trust No.1
  - EG Core Plus Fund No.1 Ownership Trust No.2
  - EG Core Plus Fund No.1 Ownership Trust No.3
  - EG Core Plus Fund No.1 Ownership Trust No.4
  - EG Core Plus Fund No.1 Ownership Trust No.5
  - EG Core Plus Fund No.1 Ownership Trust No.6
  - EG Core Plus Fund No.1 Ownership Trust No.7
  - EG Core Plus Fund No.1 Ownership Trust No.8
  - IPG Unit Trust
  - LBC Unit Trust
  - Pisco STC Funds Unit Trust No.1
  - Pisco STC Funds Unit Trust No.2
  - Project Cricket State Super Unit Trust
  - Southern Way Unit Trust
  - State Infrastructure Holdings 1 Pty Ltd
  - State Infrastructure Trust
  - Valley Commerce Pty Limited

These have been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983*, associated regulations and the Treasurer's directions.

We look forward to working with you during the coming year.

Yours sincerely

Nicholas Johnson
Chairperson of the Trustee Board
SAS Trustee Corporation

George Venardos
Board member and Chairperson,
Risk, Audit and Compliance Committee
SAS Trustee Corporation

[1] The financial statements of controlled entities of the STC Pooled Fund are included in Part H of the Annual Report. Further information on these entities can be provided on request.

Annual Report: 2015–16

Contents

Part A
About the SAS Trustee Corporation

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Chairperson's report

I would like to take this opportunity to acknowledge and thank all STC staff for their valued contribution to the past year's significant achievements.

I look forward to continuing to work with my fellow Board members and the STC executive team to ensure everything we do results in the best possible outcome for the Fund and, most importantly, for Fund members.

Fund returns

In a year of volatile markets STC achieved investment returns for most of its strategies within the top quartile of the Australian superannuation industry (based on the June 2016 SuperRatings Fund Crediting Rate Survey). Four out of five investment strategies delivered results in the top industry quartile, an outstanding result.

Member services

State Super's Member Services team continues its tradition of outstanding customer service. We have been measuring member satisfaction levels since 2013 and I am delighted to report that there has been consistent improvement over the three-year period.

The results show the tremendous effort the State Super team and service providers put in every day to ensure our members receive superior service.

StatePlus Sale – ongoing relationship

The sale of StatePlus to First State Super was a significant outcome that will continue to deliver and improve members' access to financial planning professionals who understand our complex schemes. We conducted a professional and transparent process that delivered a great outcome for State Super's members.

Evolving relationship with TCorp

Members will recall past references to the 'Amalgamation' project under which many of the day-to-day responsibilities for appointing and supervising the various Asset Managers managing specific STC asset portfolios was delegated to NSW TCorp.

I am pleased to report that implementation of that project was successfully achieved during the past year. The Trustee is very pleased with the cost-effective work now being done on our behalf by TCorp.

It is anticipated that some further delegation of these day-to-day operational responsibilities will be concluded with TCorp in the next few months. The Trustee will of course retain responsibility for the core function of strategic asset allocation and will be constantly reviewing the performance of TCorp and of the individual asset managers.

During the year TCorp appointed a new Chair, Philip Chronican, and a new CEO, David Deverall. I am pleased to be working with them as leaders of one of our major service suppliers.

Board changes

There have been a number of Board changes this year.

Paul Scully's term as an Employer Representative ended this year and Simone Constant also resigned as an Employer Representative. I thank them for their valuable contributions.

I would like to welcome Catherine Bolger, George Maniatis and Swati Dave to the STC Board. Catherine was appointed as an Employee Representative in September 2015 and brings with her a depth of experience in the superannuation industry. George was also appointed as an Employee Representative in September 2015 and brings significant experience in the union movement, mainly as an Industrial Officer and advocate. Swati joined us in May 2016 as an Employer Representative. She brings with her over 30 years' experience in banking and finance.

Finally, I would like to again acknowledge the tremendous work the staff at STC undertake every day to ensure we continue to achieve our objectives.

Nicholas Johnson
Chairperson
October 2016

Chief Executive Officer's report

2015-16 was an important year for STC with several important milestones achieved, three of which are notable:

1. Our investment returns for the Trustee Selection Strategy was 4.2%,[1] while the member default Growth Option returned 5.0%.
2. Our overall member satisfaction scores were rated at 8.0, the highest we've ever achieved.
3. The sale of StatePlus to First State Super after following an extensive evaluation of options, including the potential of an initial public offering (IPO).

2016-17 will continue to see STC evolve to take advantage of the scale offered by amalgamating funds.

We will do this in a number of ways, including continuing to improve our capabilities in managing outsourced providers, continuing to enhance our member services, and, by extending our collaboration with our peers, to better enable STC to navigate a challenging investing environment.

Key milestones

Investment returns

STC achieved investment returns within the top quartile of the Australian superannuation industry for four of its five strategies.[2]

Our strong relative investment returns can be attributed to our asset allocation approach, the strong performance of investments in infrastructure assets such as Melbourne Airport and the Port of Geelong, as well as the sale of StatePlus. Other contributions came from the significant revaluation of our property portfolio and the strong relative performance of our equities managers. At the same time, our downside risk protection strategies, currency framework and continual asset allocation tilts enabled us to lower our overall portfolio risk.

Member engagement

Since 2013, the results of our commitment to achieving continual improvement in member satisfaction have been measured using a comprehensive telephone-based survey of 1,000 members selected within a stratified sampling process[3].

The results for 2015-16 show that overall satisfaction reached its highest level at 8.0 (out of a possible score of 10.0) since the survey began in 2013. The survey, which benchmarks STC against the general superannuation industry, also shows STC outperforming our peers in our aggregate score.

Our Telephone Service and Financial Planning were standouts, with scores of 8.4 and 8.6 respectively.

Another successful milestone achieved entailed completely transforming our member statements from largely statutory documents to member-centric communications with targeted messaging that reflects each member's progression in their scheme.

Sale of StatePlus

After over 26 years of ownership by STC, the sale of StatePlus was completed during June 2016, to First State Super. The sale was one of our most significant moments in 2015-16 and culminated an extensive and keenly contested dual-track bid process, with demand from interested parties all around the world. We are confident that First State Super's ownership will ensure StatePlus continues to provide State Super members with the high levels of financial planning they will require.

Looking forward

Treasurer's Orders

As a result of a change to the legislation governing State Super, the Treasurer has issued orders on State Super, mandating State Super's use of TCorp for investment management of the defined benefit assets, and for appointment of the custodian.

State Super will retain responsibility for investment strategy and risk, and for the assets underlying the defined contributions proportion of the fund ('member funds'), which State Super will continue to manage.

A new contract is being negotiated which will support the government policy initiatives and we are confident it will enable STC to continue to achieve superior investment outcomes and enhance efficiencies while nevertheless continuing with strong governance.

GSE implementation

On 1 January 2016, SAS Trustee Corporation (STC) became an Executive Agency of Treasury under the *Government Sector Employment Act 2013* (GSE Act). A restructure of the Public Service Senior Executives (PSSE) team was required in order for the organisation to meet the requirements of the GSE Act.

[1] After application of Exempt Current Pension Income (ECPI)
[2] June 2016 SuperRatings Fund Crediting Rate Survey
[3] Survey conducted by Woolcott Research

As a result, the number of PSSEs will reduce from twelve to seven roles, with three of these being Band 2 roles and four being Band 1 roles.

The Public Service Commissioner has provided STC with a Senior Executive implementation date of 30 November 2016 for all transition arrangements to be in place and we are on track to achieving this deadline.

As a result of the GSE changes, a number of people will unfortunately be leaving the organisation. A new executive team has been appointed following an extensive recruitment and assessment process.

We are mitigating the risks of these changes through the selection and recruitment of open positions, a robust transition process and the use of appropriate advisers.

Projects

Pillar Contract

After considering a number of options in securing the services required by members given the potential sale of Pillar, STC has entered into a 15-year agreement with Pillar. This contract is effective from 1 October 2016, and will further safeguard the services post-sale, over the period when the fund will continue to see a reduction in active members. The contract will also ensure the maintenance of current service quality and ongoing access to intellectual property.

Custodian Project

In June 2015, the NSW Treasury and Safety, Return to Work and Support, together with SAS Trustee Corporation and NSW Treasury Corporation completed the Amalgamation of Funds Management Project, appointing TCorp as the master manager for their largest financial assets.

Sponsored by the NSW Government, the Amalgamation Project was a move to realise the scale benefits of managing funds.

A key enabler of such benefits is the appointment of a common custodian for the Agencies. The CEOs of TCorp, iCare and I have been working together on the Common Custodian Steering Committee which has been convened to recommend the appropriate appointment.

The selection process will be completed during 2016 and transition to the preferred provider will occur during 2017.

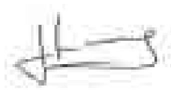
SANCS AEC

One of the most significant member projects delivered this year was the implementation of the State Authorities Non-contributory Superannuation Scheme (SANCS) Additional Employer Contribution (AEC).

Project implementation was completed 21 May 2016 and eligible members will see the new AEC benefit for the first time when they receive their 2016 member statement.

In closing, I want to extend my gratitude to our departing staff for their significant contribution and application in the past, to welcome the new Executive and staff and to thank the Board for their tireless efforts and support.

I look forward to working with STC's newly formed Executive Team and with the Board to ensure that we continue to meet our member needs, objectives and duties.



John Livanas
Chief Executive Officer
October 2016

Overview of STC

SAS Trustee Corporation (STC) is a statutory body representing the Crown, and incorporated under the *Superannuation Administration Act 1996 (NSW)* (SA Act).

As trustee of the four NSW superannuation schemes within the public sector, STC oversees the:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS), and the
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The STC Pooled Fund, which comprises the assets of all four schemes, had net assets of approximately $41.0 billion at 30 June 2016.

Membership

With 109,980 members at 30 June 2016, the STC Schemes are closed to new members and a large portion of the membership has reached or is approaching retirement age.

The following table contains a summary of each scheme.

Assets

State Authorities Superannuation Scheme (SASS)	
Commencement	1 April 1988, under the *State Authorities Superannuation Act 1987*.
Scheme eligibility	New employees in the NSW public sector were eligible to join the scheme and members of the Public Authorities Superannuation Scheme (PASS) were transferred to SASS from 1 April 1988. By 1990, a number of other public sector superannuation schemes were closed and members were transferred to SASS. The schemes transferred included the State Public Services Superannuation Fund (SPSSF), the Transport Gratuity Scheme and the Government Railways Superannuation Fund, among others.
Closed to new members	19 December 1992
Members at 30 June 2016	Contributing members: 26,076 Deferred benefit members: 10,112 Pension members: 4,241 Total members: 40,429
Financial position at 30 June 2016	Net assets: $12,688 million Accrued benefits:* $14,436 million Unfunded liabilities: $1,748 million
Member benefits	Lump sum of employee contributions accumulated with earnings, plus an employer-financed, lump sum defined benefit based on final average salary, membership period and level of employee contributions.

State Superannuation Scheme (SSS)	
Commencement	1 July 1919, under the *Superannuation Act 1916*.
Scheme eligibility	Salaried employees of the NSW public service and teaching service were eligible to join SSS, as well as a number of statutory authorities scheduled in the *Superannuation Act 1916 (NSW)*.
Closed to new members	1 July 1985
Members at 30 June 2016	Contributing members: 5,653 Deferred benefit members: 1,838 Pension members: 54,230 Total members: 61,721

**Accrued benefits as measured by the actuary using the assumed earning rate of the Fund as the discount rate. Accounting standards require employers to report accrued benefits using a risk-free discount rate that results in a higher estimate of accrued benefits.*

State Superannuation Scheme (SSS) continued	
Financial position at 30 June 2016	Net assets: $21,901 million Accrued benefits:* $34,887 million Unfunded liabilities: $12,986 million
Member benefits	On retirement, a defined benefit (pension or lump sum), the amount of which depends on the number of units purchased. Members contribute towards fortnightly pension units throughout their membership. The number of units members are entitled to contribute toward is determined by their salary. Contributions that members make depend on their age, when the units were granted, the member's gender and, if female, whether they elected to retire at age 55 or 60.

Police Superannuation Scheme (PSS)	
Commencement	1 February 1907 under the *Police Regulation (Superannuation) Act 1906*.
Scheme eligibility	Members of the NSW Police Service employed prior to 1 April 1988.
Closed to new members	1 April 1988
Members at 30 June 2016	Contributing members: 1,166 Deferred benefit members: 107 Pension members: 6,557 Total members: 7,830
Financial position at 30 June 2016	Net assets: $4,501 million Accrued benefits:* $7,373 million Unfunded liabilities: $2,872 million
Member benefits	On retirement, a defined benefit (pension or lump sum), the level of which depends on the member's final average salary and membership period.

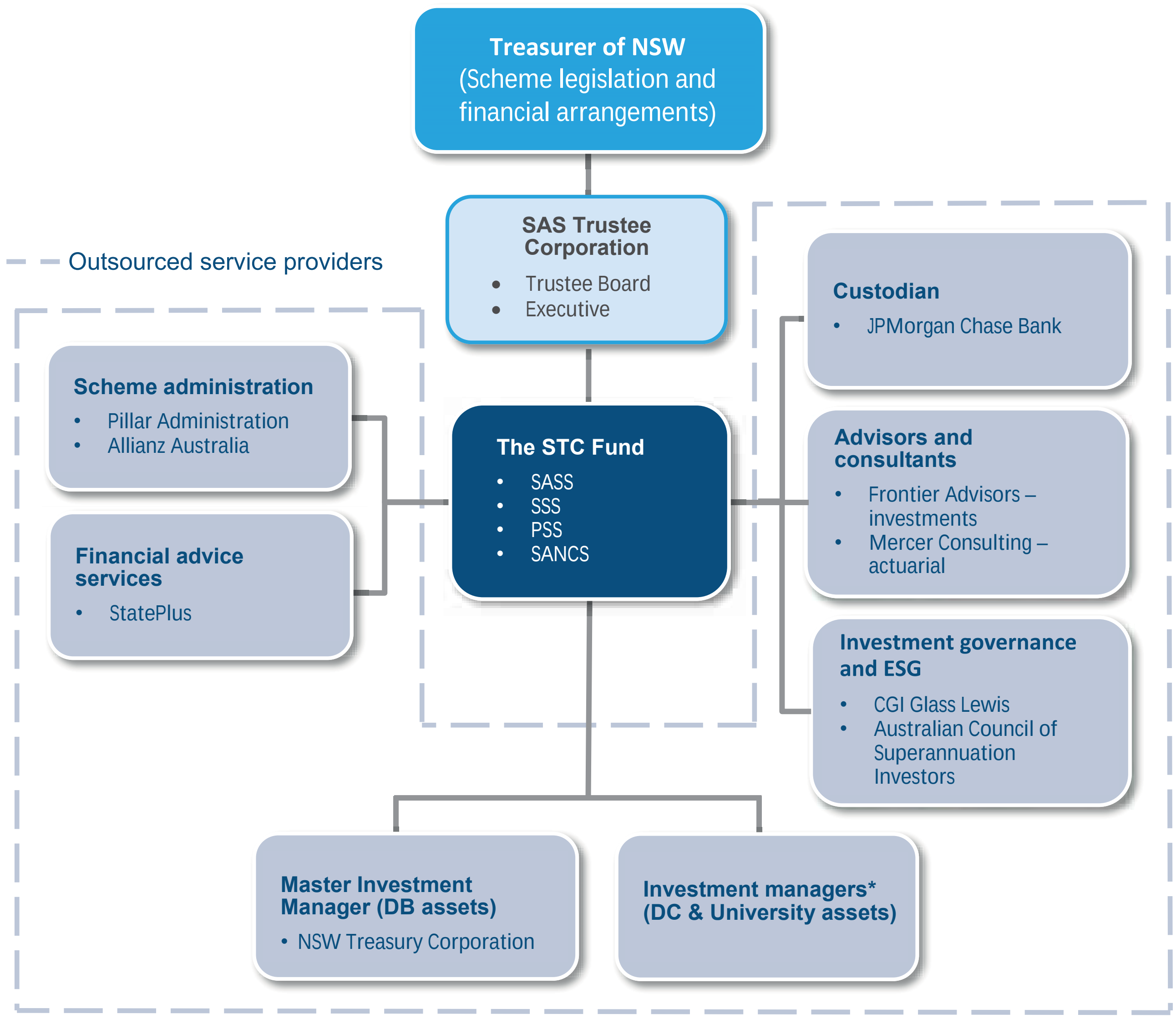
State Authorities Non-contributory Scheme (SANCS)	
Commencement	1 April 1988 under the *State Authorities Non-contributory Superannuation Act 1987*.
Scheme eligibility	Members of SASS, SSS and PSS.
Closed to new members	19 December 1992
Members at 30 June 2016	Current active members: 32,888 Deferred benefit members: 11,336 Total members: 44,224
Financial position at 30 June 2016	Net assets: $1,949 million Accrued benefits:* $2,425 million Unfunded liabilities: $476 million
Member benefits	SASS, SSS and PSS members receive the SANCS benefit in addition to their main scheme benefit. The SANCS benefit is 100% employer-funded. The benefit is generally a lump sum of up to 3% of members' final salary or final average salary, for each year of service from 1 April 1988 (or, if later, the employment commencement date).

**Accrued benefits as measured by the actuary using the assumed earning rate of the Fund as the discount rate. Accounting standards require employers to report accrued benefits using a risk-free discount rate that results in a higher estimate of accrued benefits.*

Organisational structure

STC operates under the *Superannuation Administration Act 1996* (SA Act) which establishes its functions, duties, powers and obligations. The SA Act also specifies requirements regarding Trustee Board composition and appointments. The minister responsible for the administration of the SA Act is the Treasurer of NSW, who also has powers to monitor the operations of STC.

STC's operational arrangement at 30 June 2016 is set out below:



* Refer to pages 44 and 45 for a full list of investment managers at 30 June 2016.

Trustee Board

Function and role of STC

The principal functions of STC as set out in s. 50(1) of the SA Act are to:

- administer the STC schemes
- invest and manage the Pooled Fund
- provide for the custody of the assets and securities of the STC schemes
- ensure that benefits payable to persons entitled to receive benefits under the STC schemes are paid in accordance with the Acts under which the schemes are constituted
- determine disputes under those Acts
- exercise such other functions regarding the STC schemes and the Pooled Fund as the Minister may, from time to time, approve by order in writing.

STC is required to outsource the following principal functions:

- scheme administration services
- investment management services
- custodian services

for the STC schemes.

Under s. 69(5) of the SA Act the STC Board (Trustee Board) manages and controls the affairs of STC. The role of the Trustee Board extends to strategy, corporate governance, risk management, policy making and monitoring. Accordingly, the Board is responsible for:

- monitoring the STC schemes and the Pooled Fund, including its control and accountability systems
- appointing and removing the Chief Executive
- input to, and final approval of, the long-term strategy for the STC schemes and annual Corporate and Business Plan
- approving and monitoring the annual budget and any extraordinary expenditure
- approving and monitoring STC's risk management, compliance and control systems and policies
- approving and monitoring policies and procedures for the management of the Fund, including:
  - business plans, policies and processes for the proper direction, control and performance measurement of the Fund
  - standards to assess the performance of the Fund's operations
- setting the objectives, strategies and risk approval for investments, approving major investment decisions and monitoring and assessing investment performance
- approving and monitoring STC's governance procedures for the Trustee Board and the staff of STC, including work, health and safety, and the Code of Conduct and Ethics
- monitoring the performance of the Pooled Fund, the Trustee Board, STC management and service providers.

Trustee Board member profiles

Nicholas Johnson – Chairperson
Appointed June 2015

Mr Johnson has extensive experience in financial services management in Australia and overseas. His financial sector experience includes roles as Head of Operations and of IT systems development in major investment banks. He retired from Barclays Capital in 2012 after serving as Chief Executive Officer for Australia between 1998–2009 and then as Managing Director, Senior Relationship Management.

Having held senior positions with the Commonwealth Bank, Morgan Stanley Asia, Credit Suisse First Boston and Orion Bank, he is currently Chairman of the Sydney Institute and the National Art School. Previous appointments also include Chairman of Pillar Administration (a provider of administrative services to the superannuation industry) and an Advisory Board Member of the North West Rail Link project.

Mr Johnson holds a Master of Arts from Oxford University and is a member of the Australian Institute of Company Directors.

Alex Claassens – Employee Representative
NSW Rail, Tram and Bus Union
Appointed November 2012

Mr Claassens is currently the State Secretary of the NSW Rail, Tram and Bus Union. He has a passion for the transport industry, having begun his career driving trains on the NSW rail network. Mr Claassens has long been an advocate for the rights of transport workers, joining the union as a delegate in 1992 and working in various positions until being elected to the highest position in the NSW branch in 2010. He is also an Executive Member of the National Rail, Tram and Bus Union and a Director of Select Encompass Credit Union. Mr Claassens is also a member of the Australian Institute of Company Directors.

Mr Claassens still drives passenger trains and heritage steam locomotives on a regular basis.

Tony O'Grady – Employee Representative
NSW Nurses and Midwives' Association
Appointed June 2013

Mr O'Grady is the Manager, Projects and Compliance, for the New South Wales Nurses and Midwives' Association and is responsible for the Association's finance, information technology and records departments, as well as managing insurance and a variety of compliance-related areas. He began his registered nurse training in 1982 and was employed as a nurse until joining the NSW Nurses and Midwives' Association in November 1987. He worked as an organiser, industrial officer, team manager and projects manager for the Association before commencing his current role in 2006.

Mr O'Grady served as a Director for Private Hospitals Superannuation Pty Limited – the Trustee for the Health Industry Plan – between 2005 and 2010. He was also a Director of StatePlus (formerly State Super Financial Services) between May and November 2015. Mr O'Grady holds a Graduate Diploma in Employment Relations from the University of Technology, Sydney and a Certificate in Nursing, which he completed at Royal North Shore Hospital.

Catherine Bolger – Employee Representative
Professionals Australia
Appointed September 2015

Ms Bolger has extensive experience as a professional trustee director, having served on a range of industry fund and related boards for the last 14 years. She is currently a Director of Professionals Australia, non-executive Director of the Mine Wealth+Wellbeing Superannuation Fund and chairs their Audit Risk and Compliance Committee.

Ms Bolger is also non-executive Director of Powercoal Employees' Entitlements Corporation. She holds a Bachelor of Economics and a Master of Labour Law and Relations from the University of Sydney, an RG146 Qualification and Super Springboard Level 1 from the Australian Institute of Superannuation Trustees. Ms Bolger is also a Graduate Member of the Australian Institute of Company Directors.

George Maniatis – Employee Representative
NSW Fire Brigade Employees' Union
Appointed September 2015

Mr Maniatis is currently Senior Industrial Officer for the Fire Brigade Employees' Union (FBEU) of New South Wales, where he has worked since 2000. He has over 25 years' experience in the union movement, mainly as an Industrial Officer and advocate appearing before State and Federal industrial tribunals and courts.

He was involved in the creation and establishment of NSW Fire Brigades Superannuation Pty Limited, the corporate trustee of the NSW Fire, Death and Disability Super Fund, including drafting the trust deed on behalf of the FBEU, and was the union-nominated Director of the Trustee from 2005 to 2007.

Mr Maniatis holds a Bachelor of Economics and Master of Labour Law and Relations degrees from the University of Sydney, and a Bachelor of Laws degree from the University of Technology, Sydney. He was admitted as a legal practitioner of the Supreme Court of New South Wales in 2003.

Karen Moses – Employer Representative
Company Director
Appointed March 2012; reappointed March 2016

Ms Moses is Executive Director, Finance and Strategy, at Origin Energy and a Non-Executive Director of Boral Limited (since March 2016), Sydney Symphony Limited, Sydney Symphony Holdings Pty Limited (since December 2015) and Sydney Dance Company (since May 2012).*

Ms Moses has over 30 years' experience in the energy industry spanning oil, gas, electricity and coal commodities, upstream production, supply and downstream marketing operations in Australia and overseas. She is a former Director of Origin Energy Limited (2009–15), Australia Pacific LNG Pty Limited (2005–16), Contact Energy Limited (2004–15), Australian Energy Market Operator Limited (2008– 12), Energy and Water Ombudsman (Victoria) Limited (2005–10), VENCorp (2004–09) and Energia Andina S.A. incorporated in Chile (2013–14).

Ms Moses holds a Bachelor of Economics and a Diploma of Education from the University of Sydney.

** Subsequent to the current reporting period, Ms Moses was appointed a Non-executive Director of Orica Limited (July 2016) and resigned as Executive Director, Finance and Strategy at Origin Energy Limited (August 2016). She has also since become Director, Orica and Charter Hall.*

George Venardos – Employer Representative
Company Director
Appointed November 2012

Mr Venardos is an experienced Non-Executive Director with more than 30 years' experience in finance, accounting, insurance and funds management. He is currently a Director of the listed companies Bluglass, IOOF Group and Ardent Leisure Group.

Mr Venardos' former positions include Finance Director of Legal and General Group in Australia, Group Chief Financial Officer of Insurance Australia Group, and for 10 years, Chairperson of the Finance and Accounting Committee of the Insurance Council of Australia.

Mr Venardos has a Bachelor of Commerce from the University of New South Wales and is a Chartered Accountant.

Roslyn Ramwell – Employer Representative
Company Director
Appointed June 2015

Ms Ramwell was the CEO of the Harwood Superannuation Fund, a large corporate fund, for 12 years. She has more than 20 years' experience in superannuation in both Government and private sectors, and has also worked for QSuper and the Insurance and Superannuation Commission (now APRA).

Ms Ramwell is an Independent Director of TAL Superannuation Limited and chairs the Audit Compliance and Risk Management Committee as well as the Remuneration Committee. A Life Member of the Association of Superannuation Funds of Australia Limited, she served as a director for 12 years and chaired the Finance & Risk Committee for six years.

Ms Ramwell has a Bachelor of Business (Accounting), is a CPA, a Chartered Secretary, an ASFA Accredited Investment Fiduciary and a Trustee Fellow. She has a Diploma of Superannuation, a Graduate Diploma in Applied Corporate Governance, and is a Graduate of the Australian Institute of Company Directors.

Swati Dave – Employer Representative
Company Director
Appointed May 2016

Ms Dave is an experienced Non-Executive Director and senior banking executive with an established track record of successfully leading and growing complex P&L businesses in Australia, the UK, Hong Kong and Singapore, as well as holding business line responsibility for strategy, financial performance, risk management, customer and product delivery.

She has over 30 years' banking and finance experience across a number of sectors including infrastructure, energy and utilities, renewable energy and property. Most recently an Executive General Manager at National Australia Bank, she has held senior positions at Deutsche Bank, AMP Henderson Global Investors, Bankers Trust and Westpac.

Since 2010, Ms Dave has been on the Board of Australian Hearing and the Chair of the Audit and Risk Management Committee. She has served as a former director of Great Western Bancorp Inc (USA) and was the Chair of the inaugural Board Risk Committee leading up to the initial public offering on the New York Stock Exchange.

Ms Dave was also a former director of the NAB Wealth Responsible Entity Boards comprising MLC Investments Limited, Navigator Australia Limited, Antares Capital Partners Limited and National Asset Management Limited.

Ms Dave holds a Bachelor of Commerce from the University of Newcastle and is a Graduate Member of the Australian Institute of Company Directors.

Former Trustee Board members

Paul Scully – Employer Representative
Company Director
Appointed February 2004; term ended 9 August 2015

Mr Scully is an actuary by training, holds a Bachelor of Arts in Actuarial Studies and is a Fellow of the Institute of Actuaries of Australia and the Australian Institute of Company Directors.

Simone Constant – Employer Representative
NSW Treasury
Appointed August 2015; resigned 24 November 2015

Ms Constant holds a Bachelor of Economics and a Bachelor of Law (Hons).

Trustee Board membership and meeting attendance

The Trustee Board consists of a Chairperson, four employer representatives and four employee representatives nominated by Unions NSW. All Trustee Board members are appointed by the Minister on a part-time basis except for one employee representative who is full time.*

Trustee Board memberships and the current term of appointment for each member during the 2015–16 reporting period are listed in the table below.

	Appointed	Term end date	Meetings attended during 2015–16 (actual / possible)
Mr N Johnson *(Chairperson)*	26 Jun 2015	26 June 2019	10 / 12
Employee representatives			
Mr A Claassens	5 Nov 2012	5 Nov 2016	11 / 12
Mr T O'Grady	24 Jun 2013	24 Jun 2017	11 / 12
Ms C Bolger**	25 Sep 2015	24 Sep 2019	8 / 9
Mr G Maniatis**	25 Sep 2015	24 Sep 2019	9 / 9
Employer representatives			
Ms K Moses**	31 Mar 2016	31 Mar 2019	9 / 12
Mr G Venardos	5 Nov 2012	4 Nov 2016	11 / 12
Ms R Ramwell	26 Jun 2015	26 Jun 2019	12 / 12
Ms S Dave**	26 May 2016	25 May 2019	2 / 2
Mr P Scully***	1 Feb 2004	9 Aug 2015	1 / 1
Ms S Constant***	7 Aug 2015	24 Nov 2015	2 / 4

*The full-time Employee Representative position was vacant at 30 June 2016.

***During the year:*

- *Ms Bolger was appointed as an Employee Representative*
- *Mr Maniatis was appointed as an Employee Representative*
- *Ms Moses' original term was from 19 March 2012 to 19 March 2016. Ms Moses was reappointed as an Employer Representative on 31 March 2016.*
- *Ms Dave was appointed as an Employer Representative*

****During the year:*

- *Mr Scully's term as an Employer Representative ended*
- *Ms Constant resigned as an Employer Representative*

Trustee Board and other Committees

Investment Committee members during the reporting period

Ms Moses, Ms Ramwell and Messrs Johnson (Chairperson), Scully (Chairperson), Venardos, Claassens and O'Grady. Members of the executive and other invited visitors attend committee meetings.

Purpose
The responsibilities of the Investment Committee include:

- supporting the Trustee Board to determine and effect the investment strategy
- monitoring the appointment or termination of investment managers for Pooled Fund investments
- receiving other information as may be required in order to improve the investment management decisions of STC
- ensuring that asset and liability matching is taken into account in investment management decisions.

Meetings attended during 2015–16

Member	Attendance actual / possible
Mr P Scully *(Chairperson)**	1 / 1
Mr N Johnson *(Chairperson)**	9 / 11
Mr G Venardos	9 / 11
Ms R Ramwell	10 / 11
Mr T O'Grady**	0 / 1
Mr A Claassens**	1 / 1
Ms K Moses***	2 / 2

** Mr Scully's term ended 9 August 2015. Mr Johnson was appointed as Chairperson of the Committee following Mr Scully's term end.*

*** Interim appointments during the reporting period.*

**** Interim appointment during the reporting period and as an alternative for Mr Venardos.*

Risk, Audit and Compliance Committee members during the reporting period

Ms Moses, Ms Bolger, Mr Venardos (Chairperson) and Mr O'Grady. Members of the executive, the Audit Office of New South Wales, the internal auditor and other invited visitors also attended committee meetings.

Purpose
The purpose of the Risk, Audit and Compliance Committee is to provide independent assurance and advice to the Trustee Board on STC's:

- risk, control and compliance framework and approach
- financial reporting and accountability.

Meetings attended during 2015–16

Member	Attendance actual / possible
Mr G Venardos *(Chairperson)*	6 / 7
Ms K Moses	6 / 7
Mr T O'Grady	7 / 7
Ms C Bolger*	3 / 3

** Ms Bolger was appointed part way through the reporting period.*

Member Services Committee members during the reporting period

Ms Moses, Ms Ramwell and Messrs Claassens (Chairperson), Scully, O'Grady and Venardos. Members of the executive, Pillar Administration and other invited visitors also attended committee meetings.

Purpose
The responsibilities of the Member Services Committee include:

- making recommendations to the Board on matters relating to the administration of STC schemes and policies affecting stakeholders
- exercising Board discretion in relation to disputes involving STC schemes and advising and assisting the Board on other matters or functions of the Trustee in relation to disputes.

Meetings attended during 2015–16

Member	Attendance actual / possible
Mr A Claassens *(Chairperson)*	7 / 7
Mr T O'Grady	7 / 7
Ms R Ramwell	6 / 7
Mr P Scully*	1 / 1
Ms K Moses**	0 / 0
Mr G Venardos**	0 / 0
Mr G Maniatis***	3 / 3

** Mr Scully's term ended part way through the reporting period.*

*** Interim appointments during the reporting period. No meetings were held during the term of the interim appointment.*

**** Mr Maniatis was appointed part way through the reporting period.*

Human Resources and Nominations Committee members during the reporting period

Ms Moses, Ms Bolger and Messrs Claassens (Chairperson), Venardos, Scully, O'Grady and Maniatis. Members of the executive and invited visitors also attended committee meetings.

Purpose
The responsibilities of the Human Resources and Nominations Committee include reviewing, monitoring and reporting to the Trustee Board on the management of human resource governance frameworks and human resource obligations under relevant policies, including the Code of Conduct and Ethics and the Protected Disclosures Reporting Policy.

Meetings attended during 2015–16

Member	Attendance actual / possible
Mr A Claassens *(Chairperson)*	3 / 3
Ms K Moses	2 / 3
Mr G Venardos	3 / 3
Ms P Scully*	0 / 1
Mr T O'Grady**	0 / 1
Ms C Bolger***	1 / 1
Mr G Maniatis***	1 / 1

** Mr Scully's term ended part way through the reporting period.*

*** Interim appointment during the reporting period.*

**** Ms Bolger and Mr Maniatis were appointed part way through the reporting period.*

Transaction Sub-Committee members during the reporting period

Messrs Johnson (Chairperson), O'Grady, Claassens, Maniatis and Ms Moses, Ms Constant, Ms Bolger and Ms Ramwell. Members of the executive and other invited visitors also attend committee meetings.

Purpose
The purpose of the Transaction Sub-Committee was to exercise Board discretion for decisions regarding the sale of State Super Financial Services Limited, trading as StatePlus.

Meetings attended during 2015–16

Member	Attendance actual / possible
Mr N Johnson *(Chairperson)*	9 / 9
Ms S Constant*	1 / 2
Mr T O'Grady**	8 / 8
Ms K Moses	7 / 7
Mr A Claassens**	7 / 8
Ms C Bolger	8 / 9
Ms R Ramwell**	8 / 8
Mr G Maniatis	9 / 9

** Ms Constant resigned from her position as an Employer Representative on the STC Board part way through the reporting period.*

*** Mr O'Grady, Mr Claassens and Ms Ramwell were appointed part way through the reporting period.*

Statutory Committee – Police Superannuation Advisory Committee

The committee is a statutory committee established under Part 2H of the *Police Regulation (Superannuation) Act 1906* to exercise certain powers delegated by the Trustee Board.

Members during the reporting period

This committee consists of a Chairperson appointed by the Minister, three nominees of the Police Association of New South Wales, and one nominee each from the Commissioned Officers' Branch of the Police Association of New South Wales, WorkCover NSW, the Minister for Police, and STC. The STC nominee is a member of the STC Executive.

Purpose
The purpose of the Police Superannuation Advisory Committee is to determine entitlement to medical discharge for members of the NSW Police Force, entitlement to 'Hurt on Duty' pension increases and other benefits under the Police Superannuation Scheme, and to advise STC on matters relating to administration of the *Police Regulation (Superannuation) Act 1906* that are referred to it by the Trustee Board.

Meetings attended during 2015–16

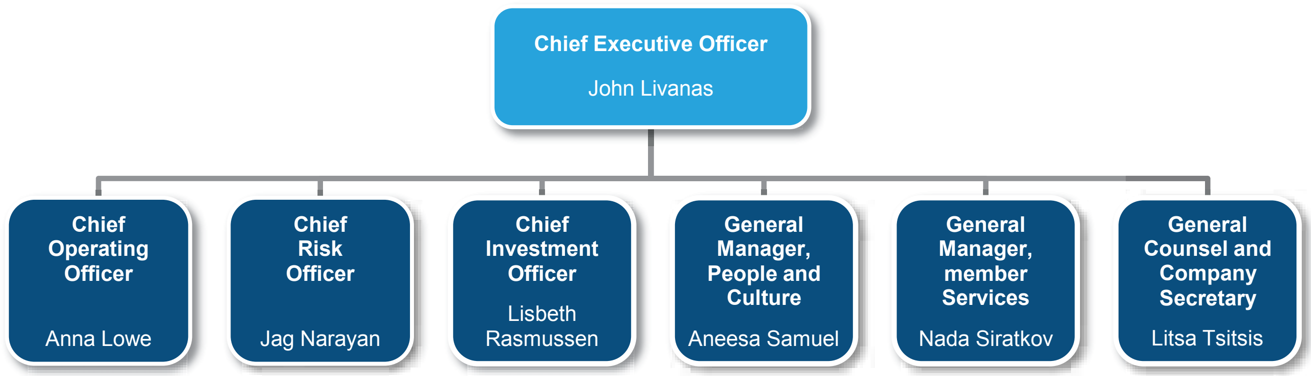
Member	Attendance actual / possible
Ms R Ramwell (*Chairperson*)	9/10
Mr A Claassens *(Deputy Chairperson)**	1/1

**Mr A Claassens also attended three meetings during the year as an observer.*

STC Executive team

The STC Executive team comprises the Chief Executive Officer and six senior executives and is responsible for implementing STC's corporate strategies and managing the organisation's day-to-day operational activities. Senior managers work to support the organisation to achieve its business objectives.

The STC Executive at 30 June 2016 was as follows:



Executive team profiles

John Livanas

Chief Executive Officer

Mr Livanas leads a team of experienced senior executives managing the provision of member services and the investment of approximately $41 billion of assets in State Super.

Mr Livanas has over 25 years' industry experience, having worked in organisations including Deloitte South Africa, the South African Government Employees Pension Fund – the precursor to the country's sovereign fund – and several Australian superannuation funds.

Prior to his appointment in October 2011, Mr Livanas was the Chief Executive Officer of AMIST Super (2008–11) and the General Manager of FuturePlus Financial Services (2002–08). He was a Director of ISPT and ISPT Grosvenor International Property Trust from 2010–12 and in August 2013 was appointed to the Board of the Australian Council of Superannuation Investors.

Mr Livanas holds a Bachelor of Science in Engineering and an MBA from the University of Witwatersrand and a Graduate Diploma of Finance and Investments from the Financial Services Institute of Australia. He is an ASFA-accredited Investment Fiduciary and a Graduate of the Australian Institute of Company Directors.

Anna Lowe

Chief Operating Officer

Ms Lowe is responsible for directing and managing operational activities within STC and ensuring the implementation of overall organisational strategy.

Ms Lowe has over 25 years' experience in the financial services industry, having held senior roles around the world in companies including American Express, CGU, Vero, Suncorp Metway, AMP, Legal & General Life and the Commonwealth Department of Finance & Deregulation. More recently, Ms Lowe was Chief Operating Officer with Moorebank Intermodal Company Limited.

Ms Lowe holds a Bachelor of Commerce and a MBA and is a graduate of the Advanced Management Program at Harvard Business School. She is also a Graduate of the Australian Institute of Company Directors.

Jag Narayan

Chief Risk Officer and Audit Executive

Mr Narayan is responsible for developing and implementing the organisation's risk, compliance and internal audit strategy. The role encompasses embedding a risk culture within State Super, setting and monitoring strategic and operational risk goals and reporting to the Trustee Risk Audit and Compliance Committee and the Trustee Board.

Mr Narayan has over 17 years' experience in risk management, with more than 12 years in financial services organisations. His previous employers include the Territory Insurance Office (TIO), Insurance Australia Group (IAG), Caltex Australia and Westpac Banking Corporation. Prior to his appointment in October 2015, Mr Narayan led the

Audit, Risk and Compliance function and reported to the CEO and the Audit and Risk Committee/Board of the Territory Insurance Office in Darwin.

Mr Narayan is a qualified Chartered Accountant and Certified Internal Auditor. He holds a Bachelor of Commerce (Accounting) from the University of Western Sydney.

Lisbeth Rasmussen

Chief Investment Officer

Ms Rasmussen is responsible for the design and development of STC's investment strategy, which entails setting strategic and dynamic asset allocations for the sub-portfolios that comprise the STC Pooled Fund. Ms Rasmussen oversees short-term tilting, portfolio construction and manager evaluations across select sub-portfolios, is accountable for the oversight of external service providers and for delivering outcomes in line with the sub-portfolios' overall risk and liability profiles.

Working in Denmark and the UK prior to moving to Australia, Ms Rasmussen has been closely involved in superannuation and asset management for over 30 years. She has been part of in-house funds management teams, pioneered investment processes, steered mergers, created new funds and strategies and overseen the move away from strategy/multi-asset mandates to sector specialist mandates and back again. Asset allocation has been a key responsibility throughout her professional career.

Ms Rasmussen holds the equivalent of a Master of Science in Economics from the University of Copenhagen and a Master of Science from the University of Bath. She is also a Graduate of the Australian Institute of Company Directors.

Aneesa Samuel

General Manager, People and Culture

Ms Samuel is responsible for the development of HR strategies, services and programs across the organisation. Her areas of responsibility include recruitment and staffing, learning and development, employee relations, performance management and remuneration and reward practices.

Prior to joining State Super, Ms Samuel held executive positions in the superannuation and insurance industry and has a comprehensive understanding of the Australian superannuation environment, its operating practices and products. Ms Samuel holds a degree in education and is a qualified financial planner.

Nada Siratkov

General Manager, Member Services

Ms Siratkov is responsible for the development and implementation of member services strategies. This includes setting the direction of Member Services and ensuring that there is an integrated approach to managing the member experience. She is also responsible for member administration, member product development and policy, marketing and communications, disputes and all member-associated services.

Prior to joining State Super, Ms Siratkov held executive positions in the financial services industry and has an extensive understanding of the superannuation, insurance and banking environments. Ms Siratkov holds a Bachelor of Arts, a Master of Business in Marketing and is a Graduate of the Australian Institute of Company Directors.

Litsa Tsitsis

General Counsel and Company Secretary

Ms Tsitsis is responsible for providing the Trustee Board and STC with general legal counsel, overseeing the management of the STC legal, regulatory and governance framework and for secretarial matters of the Trustee Board. In addition to her duties as General Counsel and Company Secretary, Ms Tsitsis was the acting Chief Risk Officer and Audit Executive until the appointment of Mr Narayan. Ms Tsitsis is a member of the Police Superannuation Advisory Committee which determines entitlement to medical discharge for members of the NSW Police Force, to 'Hurt on Duty' pension increases and other benefits under the Police Superannuation Scheme, and was appointed as non-executive director and Chairperson of the Audit, Risk and Compliance Committee of Fiducian Portfolio Services Limited in 2015. Ms Tsitsis was previously a partner at HWL Ebsworth, specialising in superannuation. She has 15 years' experience in superannuation and financial services law, having worked with prominent legal firms across a broad client base. She is a part-time member of the Superannuation Complaints Tribunal and co-author of *Guide to MySuper, SuperChoice and SuperStream*.

Ms Tsitsis holds a Bachelor of Laws and Bachelor of Legal Studies and is a Graduate of the Australian Institute of Company Directors.

Part B
Corporate performance

STC's performance against its Corporate Plan objectives

2015–16 was a year of significant transition for STC, with a number of key strategies implemented having significant organisational implications.

STC's 2015–16 Corporate Plan identified seven key objectives for the financial year

1. Successful implementation of the STC Target Operating Model and organisational design.
2. Achievement of investment earnings.
3. Enhancement of STC's governance and risk capabilities.
4. Delivery of superior member benefits and engagement levels.
5. Effective oversight and management of outsourced providers.
6. Implementation of HR strategies and policies to attract new talent and improve staff development and retention.
7. Achievement of financial targets.

1. Successful implementation of the STC Target Operating Model and organisational design

In March 2014, the NSW Government announced its intention to amalgamate the superannuation investment management services of STC and Safety, Return to Work and Support with those of the NSW Treasury Corporation (TCorp) for assets where the NSW Government has a direct interest (the Amalgamation Project).

After a full due diligence process, the STC Board resolved to appoint TCorp as Master Investment Manager for the defined benefit assets, effective 15 June 2015. The Master Financial Services Agreement STC negotiated with TCorp became effective also from this date.

STC continues to provide funds management services in relation to the four member investment choice strategies (Growth, Balanced, Conservative and Cash) for the defined contribution assets, and retains responsibility for overall investment governance, including setting investment objectives and strategy, and risk management and asset allocation for the STC Pooled Fund. STC also continues to manage Member Services and dispute resolutions.

As part of the Amalgamation Project, STC implemented and executed the Target Operating Model covering organisational structure, recruitment, policies and provisions. Standard Operating Procedures (SOPs) for the Investment Control, Finance, and Asset and Liabilities teams were also implemented and all vacant Assets and Liabilities, Legal, and Risk and Compliance roles were successfully filled. Another important activity was identifying and implementing policies and procedures to improve the coordination, assessment and management of outsourced providers, including Pillar, JPMorgan and TCorp.

Following implementation of the Operating Model and in light of the GSE Act, STC's organisational structure and selected HR policies are currently being reviewed. The work is scheduled to be completed by 30 November 2016.

During 2016, STC conducted a review to build and develop more STC capabilities with the option of bringing fund accounting in-house. It found that there was currently no need to do so as long as Pillar continues to effectively deliver current accounting services. The Pillar contract re-negotiation includes an option to in-source fund accounting operations if performance is compromised following the sale.

STC have completed a number of other projects this year, including the development of an STC IT policy, a crediting rate review (including introducing a long-term flexible crediting rate model to improve investment implementation and monitoring), and the improvement of STC's data management.

2. Achievement of investment earnings

The investment performances of all the diversified investment options are ahead of target over three and five years ending 30 June 2016 (further details are provided in Part C).

A focus on liability management, in particular the actuarial funding ratio for the defined benefit assets, is a key initiative and will continue to gain prominence in the investment management process as the 2030 target date for full funding draws closer.

The Triennial Valuation was delivered in December 2015, a summary of which is provided in Part F of this report.

The Asset Liability Management (ALM) project entailed scenario analyses showing different potential funding positions by 2030 and sensitivity to different return, salary, inflation and longevity assumptions. There is likely to be significant volatility regarding potential outcomes given current expected returns and the government's funding plan. Increasing government contributions to 7.5% p.a. should remove the funding deficit in 2030 for the median case, while increasing them to 10% p.a. would remove the deficit in 2030 for the median case and also provide an expectation of excess funding that could be used to assist with reducing investment risk over time.

The ALM project has also provided for more detailed cash-flow projections by investment option, which will be used as an input in the strategic asset allocation process and help to better manage the liquidity of each investment option.

The Employer Engagement Plan was implemented to develop appropriate investment solutions for employers, particularly Public Trading Enterprises (PTEs) and other employers. During the year an employer watch list of underfunded entities was established. There are currently 30 employers on the list and all were contacted during the year.

The actuarial tender has been completed, and Mercer was re-appointed for a five-year term commencing 1 August 2016.

STC's governance framework has contributed to organisation-wide process and reporting improvements. A number of enhancements have been made to Investment Committee reporting, such as large exposure and investment control reports. The investment control report has been updated to include more detailed information on JP Morgan and securities lending.

STC is currently working with Treasury and other agencies to implement the Single Custodian Project. All advisors have been appointed and are working on requirements and the evaluation process of Requests for Proposals.

Further information about the achievement of investment return objectives for 2015–16 for each of the strategies is provided on pages 38-40 of this report.

3. Enhancement of STC's governance and risk capabilities

Following a governance review commissioned by the STC Board and performed by KPMG, the Risk and Compliance team were enhanced with the appointment of a Chief Risk Officer and a Compliance Manager. These appointments have resulted in more focus on STC's risk, compliance and audit frameworks.

In 2015–16, STC reviewed its risk frameworks, including its risk management strategy and risk appetite statement, made improvements to its risk reporting and reviewed its Board and management policies. Risks are reviewed quarterly by the business and changes made to the organisational risk profile following presentation to the Risk, Audit and Compliance Committee (RACC).

STC's risk profile has been filtered to provide the Board with the top 10 risks for the organisation, facilitating enhanced focus and better risk discussions. Each General Manager in the business presents on their risk profile to the RACC on an annual basis.

The Risk team has undertaken second-line risk reviews with STC's outsourced providers, including its Administrator, Custodian and selected Fund Managers.

STC compliance frameworks have been reviewed for efficiency and effectiveness, as have the questions in the ExtraTextual Risk System.

We have streamlined the breach reporting processes and established an Incident Working Group to ensure that any lessons from breaches and incidents are shared across the business. We have also clarified accountabilities regarding compliance obligations such as Fraud, Anti-Money Laundering and Counter-Terrorism Financing, Gifts and Conflicts of Interest registers.

The Compliance Manager has worked with People and Culture to define core STC policies. We have increased the use of SCS Online, which facilitates employees completing their risk training on a structured basis. Additionally, all employees are required to complete an annual attestation to confirm that they have read and understood core STC policies.

STC audit frameworks have been enhanced by the completion of an independent review of the function performed by the Institute of Internal Auditors. No major issues were identified except for a need for additional monitoring of the outsourced Internal Audit Provider. A monitoring program was subsequently implemented, which includes regular customer surveys and reviews of work papers and audit processes during the financial year. Results from the monitoring program will be provided to the RACC annually.

The Risk team has also been involved in major STC projects such as the sale of StatePlus and the Common Custodian Project.

A governance review recommended recruitment of an Assistant Company Secretary and this was completed during 2015–16. The Assistant Company Secretary has worked with various parts of the organisation to develop and finalise a Board Paper Template Drafting Manual together with Board and Committee template papers for use in reporting to the STC Board and its Committees. The final Manual and template papers were submitted to the Board 29 June 2016. The introduction of the new manual and template papers has led to a more transparent and improved decision-making process.

The governance team has also progressed work for the centralisation of STC's delegations framework and undertaken reviews of a number of Board-related policies. Overall, enhancements to STC's governance framework have contributed to organisation-wide process and reporting improvements.

The STC Legal team addressed the residual legal issues in relation to STC's investment in StatePlus in 2016 which included the successful sale of StatePlus to First State Super noted elsewhere in this Report.

4. Delivery of superior member benefits and engagement levels

A key priority for STC during the 2015–16 financial year were several initiatives focused on enhancing relationships and communication with key stakeholders and service providers, to allow for a greater focus on member services and member engagement levels.

The results of our annual member satisfaction research showed that overall satisfaction achieved its highest level since the survey began in 2013. The research, which benchmarked STC against the general superannuation industry, showed that we outperformed our peers overall and in seven out of eight individual service areas.

Importantly, the research findings allow us to build a greater understanding of our members and improve the efficacy of the services we provide. This enables us to deliver superior services by targeting member needs more precisely and facilitating greater member engagement. Validating this approach is the reduction in the number of disputes that have been received over the past 12 months.

As part of the annual marketing plan, work streams have been developed and ownership assigned to implement improved data sharing and analytics for joint STC and StatePlus activities and campaigns. STC has also worked with StatePlus in order to manage the delivery and coordination of improved member seminars, along with the development and implementation of a robust and repeatable education and communications program for members. With the renegotiation and increased oversight of the long-term Access Agreement, members can be confident that for the next 15 years they will have access to financial planners with deep experience and knowledge of the schemes.

We continue to focus on the development and implementation of communication and stakeholder engagement processes, with an emphasis on introducing protocols to respond to media enquiries and improve our market presence.

Following on from last year, members will notice continuous improvements to the transformed member statements. With many alternative approaches considered, we ultimately combined the completely revised statements with further initiatives, resulting in a more integrated member education and communication program. The changes include:

- additional information
- critical information highlighted
- the use of Plain English
- tailored messaging to improve relevance

The Statement project transformed our formerly generic, compliance-driven annual benefit statements into informative, visually appealing documents that make it easier for members to understand the critical, but often technical, information on how the schemes operates.

The progressive upgrading of STC's website has delivered an improved service to members, providing them with better access to information and education which, in turn, has led to increased use of the channel. However, as members continue to engage with us digitally, it is important that we develop our website further through improved functionality and deeper content, and so better use it as a platform for true member engagement and education.

5. Effective oversight and management of outsourced providers

As part of the appointment of TCorp as Master Investment Manager for the defined benefit assets effective 15 June 2015, STC developed and successfully implemented the revised STC operating model and standard operating procedures, and worked with TCorp to successfully develop and agree the governance and engagement framework for the investment, investment operations and finance functions (which have all performed well) throughout 2015–16.

In addition, service level agreement reporting (to ensure the refinement of a coherent and consistent framework for outsourced service providers) has been completed for TCorp, with new operational service-level agreements (SLAs) for Pillar and StatePlus and a new SLA for JP Morgan. In June 2016 strategic operations by functional area were developed in order to assess outsourcing options, risks and costs. This was part of a comprehensive strategic assessment of Pillar which considered Pillar's ongoing viability, ownership and capacity to invest in systems and processes.

The ongoing evaluation of strategic imperatives regarding the ownership of StatePlus was concluded with the STC Board initiating a sale process during the year. This process was successfully concluded in 2016 and is noted elsewhere in this Report.

STC continues with the active oversight of IT services provider Brennan IT, with regular meetings focusing on ongoing performance review and considerations of the enhancements required of STC's IT infrastructure.

Active oversight to improve our relationships with service providers in order to reduce risk, improve service delivery and promote greater transparency in operations is underway, with a significant improvement in vendor service delivery and efficiency through ongoing development and tailoring of reporting requirements. A stakeholder management plan has also been implemented to promote greater management efficiency, enhanced communications and relationships.

6. Implementation of HR strategies and policies to attract new talent and improve staff development and retention

STC was informed in 2016 that the agency, through which its staff are employed, would not be exempt from the GSE Act and accordingly commenced implementing the Act. As part of this process, we have undertaken an organisation-wide review and will complete transition to the new organisational structure by 30 November 2016. This includes adopting the HR frameworks to be uniformly applied across the NSW Public Sector.

A high-level Implementation Plan detailing the transition has been developed and approved by the Public Service Commissioner. Our HR strategies and policies to attract, develop and retain staff will focus on building the skills and capacities of our specialised, highly competent, small staff of professionals. Implementation of these initiatives will be aligned with the requirements of the GSE Act.

Learning and development activities to enhance the skills needed to support the strategic and corporate plan are being implemented throughout 2016. These include scheduling learning and development activities which support the strategic plan; implementing a wide-ranging staff retention strategy that incorporates an Employee Value Proposition to attract and retain key staff, and fine-tuning work health and safety activities which focus on staff wellbeing in general and levels of engagement in particular.

7. Achievement of financial targets

The central tenet underpinning the Amalgamation Project is achieving economies of scale. For STC, this translates to improving the investment performance of the defined benefit assets as a result of the amalgamation of the fund with TCorp.

With synergies and benefits expected to flow over time, we implemented a benefits tracking framework to monitor and evaluate the quantum and timing of these benefits. Under the arrangement, TCorp as the Master Manager of Investment Managers for the defined benefits funds is paid a performance fee if it outperforms against specific benchmarks.

TCorp is assessed against a quantitative performance measure (for listed asset classes) and a qualitative performance measure (for unlisted assets). Assessments will be made on a rolling three-year basis to determine performance fee eligibility.

At the time of writing, the Treasurer had provided a draft order that would change the relationship with TCorp, naming TCorp a mandated manager. We look forward to finalising this.

Part C
Operations overview

Investments

This section provides an overview of STC's investment management structure and its performance and management activities during 2015–16.

Investment management structure

On 15 June 2015, TCorp became the Master Investment Manager for the Trustee Selection Strategy, which primarily invests employer funded (defined benefit) assets. The services provided by TCorp include recommending investment managers, conducting due diligence, funds administration and operations and reporting activities.

STC retains responsibility for governance of all STC investment strategies, including setting investment objectives and strategies, risk management and asset allocation. STC will also continue to manage the four member investment choice strategies (Growth, Balanced, Conservative and Cash) in which the SASS defined contribution assets are primarily invested and the two University investment strategies (University Diversified Conservative and University Cash) in which the Universities' Employer reserves are invested.

Investment market overview

Domestic growth hobbles along

The Reserve Bank of Australia (RBA) has kept a firm hand on interest rates over the last 12 months, with the only movement being two 0.25% reductions in May and August 2016. This reflects the RBA's continued belief that stimulus is needed to support growth and domestic demand and to help keep a lid on the exchange rate for the benefit of Australian exporters. Overall growth has been mildly positive, supported by reasonable domestic demand, resulting in a moderately positive labour market.

The chink in the armour appears to be business investment, which has been declining steadily since 2012. The major culprit has been the mining sector, while non-mining sector business investment has been patchy at best. In contrast, dwelling construction has been strong.

Positive signs continue in the U.S.

While not spectacular, U.S. GDP grew by an annualised rate of 1.1% during the second quarter of 2016. The manufacturing, employment and personal consumption sectors were among the brighter spots in the overall picture. The consumption sector, which accounts for more than two-thirds of economic output, expanded at a rate of 4.4% in the second quarter, its best gain since late 2014. The combination of slow growth and strong personal consumption was possible due to a reduction in inventories.

The 2015 oil price slump had a big influence on the sub-1% inflation rate of last year. However, the subsequent partial recovery in oil prices this year may cause slightly higher inflation. Wage pressures are also starting to emerge in the U.S. and, as a result, the Federal Reserve is expected to slowly increase interest rates.

China continues to adjust

In 2015, in a move to stimulate China's economy, the People's Bank of China implemented credit easing policies in order to create liquidity in their banking system and increase lending. The policies seem to have borne fruit, with GDP reaching the predicted 6.5% range this year. This was supported by a drop in currency values and strong retail sales. As the Chinese leadership has committed to doubling per capita disposable income between 2010 and 2020, the economy would need to grow an average 6.5% p.a. between now and 2020 and authorities may need ongoing stimulus to deliver on their commitment.

The Brexit shadow over Europe

GDP growth in Europe was just below 2% in 2015, and while original expectations were for a similar result in 2016, Brexit has resulted in a slight downward revision. Persistently low interest rates, low oil prices and the Euro's exchange rate have supported growth, while growing consumer demand, a reduction in unemployment and a gradual downward trend in government debt and deficit are cause for hope. The shadow of Brexit, however, has added a layer of uncertainty and the spectre of bad loans is haunting Europe's banking sector. The cautiously optimistic outlook therefore remains fragile.

What the markets are doing

The shock to markets when Brexit occurred was dramatic, but the bounce back was just as quick. The longer term effect is a lot more difficult to forecast, with many competing forces at play. International equity markets hit a low point in February this year, but have since picked up. There may still be volatility to come, but expectations are for moderate returns ahead. In the U.S. market, 2016 is expected to end up marginally more positive than last year, although the end of the year could be impacted by the outcome of the U.S. presidential election in early November 2016. At home, after a tough start to 2016 there is hope for continued improvement by the end of the calendar year.

Investment performance

Long-term performance

Meeting long-term goals requires investments to be actively managed in order to minimise the impact of drawdowns in turbulent market conditions. Given the nature of the Fund cash flow, STC will reallocate assets as it deems necessary to increase the probability of all investment strategies achieving their respective investment objectives.

Crediting rates for the period ended 30 June 2016 against investment objectives for each of the STC strategies are provided in the table below.

Strategy	Objective (at 30 June 2016)	Period	Declared return p.a. %	Objective p.a. %
Defined benefit				
Trustee Selection	CPI + 4.5%	10 years	5.6	6.9
University Diversified Conservative	CPI + 2.0%	3-5 years	N/A	4.0
University Cash	CPI	3 years	N/A	2.1
Member Investment Choice				
Growth	CPI + 4.5%	10 years	5.7	6.9
Balanced	CPI + 3.0%	7 years	8.1	5.3
Conservative	CPI + 2.0%	4 years	7.2	4.0
Cash	CPI	3 years	2.3	2.1

The Trustee Selection and Growth Strategies have delivered returns below their objectives, principally due to the impact of the global financial crisis (GFC), which fell within the 10-year period ended 30 June 2016. The objectives and returns for other diversified investment options no longer include the impact from that crisis and this explains why returns for these options are significantly above their objectives. The post-GFC return for the Trustee Selection and Growth Strategies averaged 8.8% p.a. and 8.9% p.a. respectively, compared with a CPI + 4.5% target of 6.8%.

STC implements its investment strategies through fund managers. Over the course of 2015–16, fund managers' performances in each of the asset classes were reviewed and adjustments made to ensure the risk return characteristics of each asset class were in line with strategic objectives. It has also taken advantage of strong demand for unlisted assets and adjusted the relevant infrastructure and property portfolios. STC continues to maintain prudent liquidity requirements to fund its liabilities and an increased focus on liquidity management remains a priority for the investment team.

Risk and asset allocation settings for the Fund are reviewed regularly. The asset allocation for each investment strategy is well diversified across asset classes, risk premiums, investment managers and individual securities. The aim is to generate equity-like returns with substantially reduced volatility. Risk management plays a crucial role in this process.

Over the past year the investment environment has been challenging, where aging populations, an oversupply of goods and too much debt have combined to produce strong deflationary pressures across the global economy. Various policy measures were aimed at mitigating these circumstances, but with mixed results. Financial markets, for their part, responded with increased volatility. The difficult market conditions were further exacerbated by the level of current valuations and it is increasingly difficult to find value in all the major asset classes.

STC's approach to navigating such difficult conditions has been to take profit at regular intervals when equity and bond markets have performed well and invest back into such markets at regular intervals when they are falling.

2015–16 performance

The 2015–16 annual crediting rates for the various investment options were as follows:

Strategy	Crediting rate p.a. %
Defined benefit	
Trustee Selection	3.6
University Diversified Conservative	1.9
University Cash	2.0
Member Investment Choice	
Growth	5.0
Balanced	5.3
Conservative	4.6
Cash	2.0

2016 was a year where both Australian and international equities performed poorly. In contrast, infrastructure, property and other unlisted assets performed well and made strong contributions to total returns for the year. It was also a year where bonds, both Australian and international, did well despite elevated valuations. Australian bonds generated 7.1% and international bonds 5.2% (STC uses a tailored fully hedged benchmark for international bonds) compared to a return on cash of 2.3%. The poorest performing asset class for the year was international equities, which returned 0.6% unhedged.

The Trustee Selection and Growth Strategies in particular benefited from an active tilting process during the year. Designed to crystallise returns, this was an important feature, particularly as all the strategies had negative cash flow.

Currency is centrally managed. The focus of the currency program is risk mitigation; in particular, management of liquidity risk. During the year the program detracted value from the International Equity, Alternatives and International Fixed Income portfolios as the Australian dollar see-sawed amid a slightly appreciating trend.

Crediting rates for defined benefit reserves

The crediting rates provided in the following tables for defined benefit reserves are prior to adjustments for the varying rates of exempt current pension income (ECPI) tax. As a result of the ECPI tax adjustment, each of the defined benefit reserves (including those relating to Crown and other Government enterprises with pension members) is credited with an additional amount over and above that credited and shown below.

In September 2014, University assets were segregated from the defined benefit and defined contribution assets and the University Conservative Diversified and University Cash Strategies were introduced to facilitate their management.

Trustee Selection Strategy

Year ending	Crediting rate to employer reserves (p.a.) %
30 June 2016	3.6
30 June 2015	11.1
30 June 2014	12.3
30 June 2013	17.1
30 June 2012	0.4
Average annual compound crediting rate (p.a.)	
Over 3 years	9.0
Over 5 years	8.8
Over 10 years	5.6

Trustee Selection returns for Crown employers after the benefit of ECPI tax	Crediting rate including ECPI benefit to employer reserves (p.a.) %
30 June 2016	4.2
30 June 2015	12.5
30 June 2014	14.0
30 June 2013	19.2
Average annual compound crediting rate (p.a.)	
Over 3 years	10.1

University Diversified Conservative Strategy

Year ending	Crediting rate to employer reserves (p.a.) %
30 June 2016	1.9
30 June 2015	4.2
30 June 2014	N/A
30 June 2013	N/A
30 June 2012	N/A
Average annual compound crediting rate (p.a.)	
Over 3 years	N/A
Over 5 years	N/A
Over 10 years	N/A

University Cash Strategy

Year ending	Crediting rate to employer reserves (p.a.) %
30 June 2016	2.0
30 June 2015	1.6
30 June 2014	N/A
30 June 2013	N/A
30 June 2012	N/A
Average annual compound crediting rate (p.a.)	
Over 3 years	N/A
Over 5 years	N/A
Over 10 years	N/A

Crediting rates for member investment choice strategies

SASS is a hybrid scheme, with the member-financed benefit component being the accumulation of member contributions, while investment earnings and an employer-financed benefit component are defined benefits. On deferral, both the member and employer-financed components are accumulated with investment earnings from the investment strategy or strategies selected by the member.

SASS members have a choice of four investment strategies – Growth, Balanced, Conservative and Cash. The Growth Strategy is the default strategy that applies if a member does not make an investment choice.

The crediting rates for the four investment strategies are shown below. Given as an annual rate and rounded to one decimal point, they are credited to members' accounts at the end of the financial year. Actual crediting rates are declared monthly to four decimal places. The annual rate is the compounded monthly rates.

Growth Strategy

Year ending	Crediting rate to members (p.a.) %
30 June 2016	5.0
30 June 2015	10.2
30 June 2014	12.3
30 June 2013	17.1
30 June 2012	0.4
Average annual compound crediting rate (p.a.)	
Over 3 years	9.1
Over 5 years	8.9
Over 10 years	5.7

Conservative Strategy

Year ending	Crediting rate to members (p.a.) %
30 June 2016	4.6
30 June 2015	6.9
30 June 2014	8.1
30 June 2013	9.2
30 June 2012	4.6
Average annual compound crediting rate (p.a.)	
Over 3 years	6.5
Over 5 years	6.7
Over 10 years	5.7

Balanced Strategy

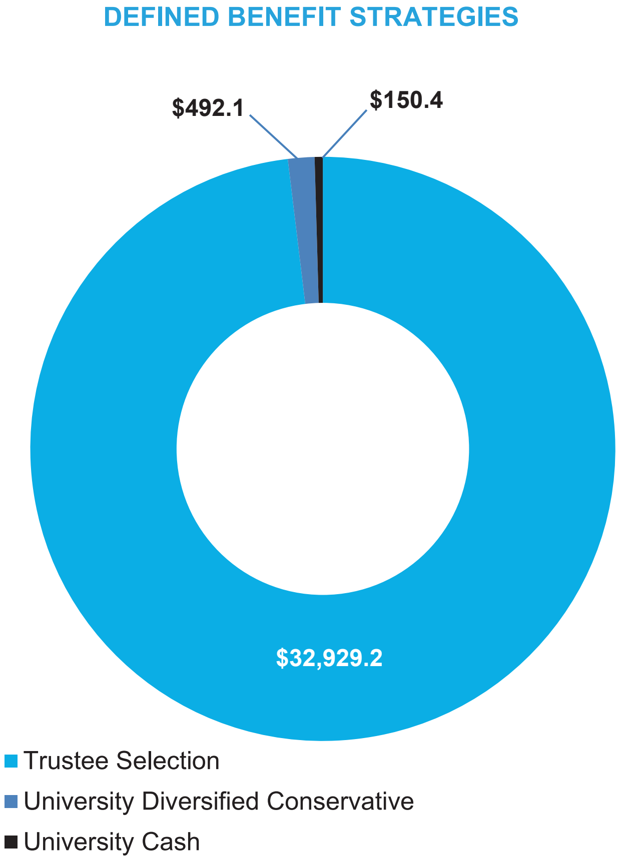
Year ending	Crediting rate to members (p.a.) %
30 June 2016	5.3
30 June 2015	8.9
30 June 2014	10.7
30 June 2013	13.7
30 June 2012	2.6
Average annual compound crediting rate (p.a.)	
Over 3 years	8.3
Over 5 years	8.2
Over 10 years	6.0

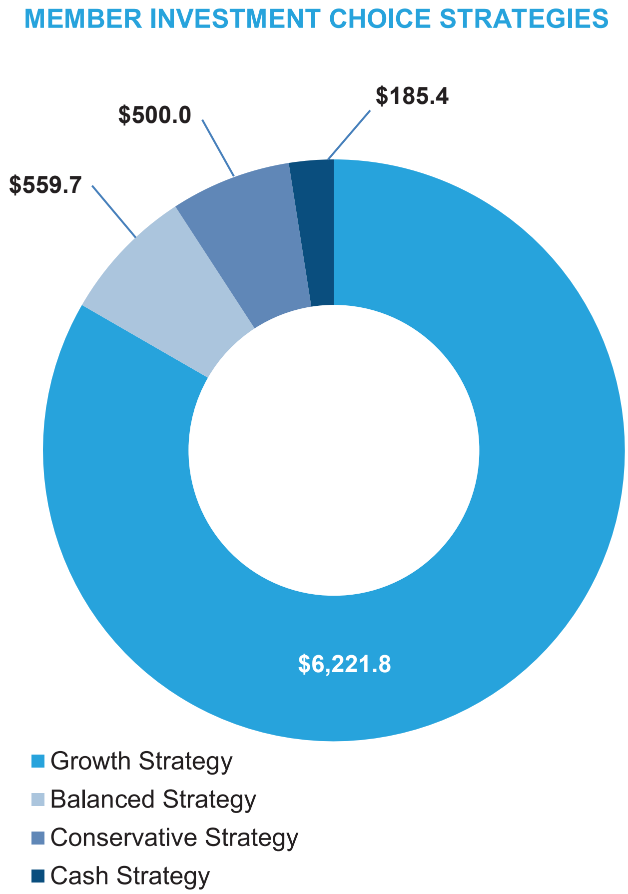
Cash Strategy

Year ending	Crediting rate to members (p.a.) %
30 June 2016	2.0
30 June 2015	2.4
30 June 2014	2.5
30 June 2013	3.2
30 June 2012	4.2
Average annual compound crediting rate (p.a.)	
Over 3 years	2.3
Over 5 years	2.9
Over 10 years	3.8

Funds under management (FUM)

FUM per investment strategy at 30 June 2016 ($ millions)





Investment policies and practices

STRATEGIC ASSET ALLOCATION

STC allocates asset classes into three categories – liquid growth, alternatives and liquid defensive – to more closely reflect the role of each category within the portfolio.

The liquid growth category of assets consists of Australian and international listed equities. The liquid defensive category consists of Australian and international fixed interest, inflation-linked bonds and cash. Property, infrastructure, corporate debt, absolute return strategies and private equity comprise the alternatives category.

Liquid growth is expected to make a large contribution to long-term returns; however, the market is likely to remain highly volatile. The allocation to liquid growth, as well as the allocation between Australian and international equities within this category may be changed from time to time depending on market opportunities.

Alternatives serve a dual purpose. Some of the asset classes in this category are expected to generate returns in line with or higher than CPI + 4.5%, which is the objective of the Trustee Selection and Growth Strategies. Other asset classes within the alternatives category are expected to have the dual objective of providing CPI + 4.5%, and the ability to provide downside protection when markets are turbulent.

Liquid defensive represents asset classes that tend to do well when markets are turbulent. These asset classes provide capital protection when most other strategies are not performing well but are not expected to generate CPI + 4.5% over the long term.

STC can dynamically allocate assets between liquid defensive and liquid growth strategies based on changes in the investment environment. The allocation to alternatives, on the other hand, is strategic in nature and generally illiquid, with investments being held over the medium to long term.

STC reviews the strategic asset allocation of each investment strategy annually in conjunction with its asset consultant and considers quarterly whether any dynamic asset allocation tilts are appropriate given current valuations.

MARKET RISK PROTECTION STRATEGIES

Downside protection – The Trustee may employ a series of investment strategies to manage downside risk, which could include a combination of derivatives for hedging and exposure management, rotation of assets and managers, centralised risk managed currency overlay, option strategies and manager benchmarking focused on downside risk management.

Exposure management – In the case of the Trustee Selection and Growth Strategies, the listed asset classes can be tilted away from their respective asset allocation weights in a disciplined manner. The portfolios are tilted using dynamic asset allocation ranges set for each of the strategies in order to capture upside potential gains and provide a degree of downside protection.

The Balanced and Conservative Strategies are currently rebalanced back to their respective target allocations monthly. If an asset class has deviated away from the target asset allocation, the manager trades against the Growth Strategy in order to return allocations to the target asset allocation. The exposure management process may involve the use of derivatives.

Divestment of investments in tobacco product manufacturers and controversial weapons manufacturers

In 2012–13, the Trustee Board decided to divest its holdings in tobacco product manufacturers and to exclude investments in manufacturers of controversial weapons, including cluster munitions and chemical and biological weapons. STC's Environmental, Social and Governance policy was subsequently updated to reflect the decisions. At 30 June 2016, STC had no exposure to controversial weapons manufacturers or tobacco product manufacturers.

INVESTMENT GOVERNANCE FRAMEWORK

The Trustee Board has approved STC's Investment Governance Framework, which encompasses the systems, structures, policies, processes and people which support the selection, management and monitoring of investment decisions made for the Pooled Fund. The Investment Governance Structure is a combination of legislative requirements, ministerial, Board and Board Sub-Committee oversight and management, and monitored by STC's Executive and the appointed Master Investment Manager.

Key components of the Framework include the following committees, teams and individuals.

Investment Committee – The Trustee Board established an Investment Committee to support the Board in determining and affecting the investment strategy, to oversee the process of appointing and replacing investment managers and other investment service providers, and to ensure that asset and liability matching is taken into account in investment management decisions. The Committee also monitors the performance of all the investment options within the Pooled Fund.

Risk, Audit and Compliance Committee – The Trustee Board established the Risk, Audit and Compliance Committee to support the Board by reviewing and monitoring STC's governance, risk and compliance frameworks, including audit arrangements, selection of the Appointed Actuary, the triennial review of the Pooled Fund and the review of policies and procedures.

Management Investment Committee – The Management Investment Committee was established as the governing body for management investment processes for the Pooled Fund. Its purpose is to assist the CEO with executing investment-related delegations from the Board, including policy and strategy development and implementation, product structure and design and investment manager selections.

Asset and Liability Team – This team is responsible for executing STC's Investment Policy Statement by recommending strategic asset allocation and dynamic asset allocation decisions for each of the investment options within the Pooled Fund; reviewing and monitoring recommendations provided by the Master Investment Manager; managing liquidity to ensure each investment option can meet its liability requirements, and managing all the investment decisions and processes for the defined contribution and University assets.

Master Investment Manager – In March 2014, the NSW Government announced its intention to amalgamate the funds management activities of the State's financial assets within NSW Treasury Corporation (TCorp). After a full due diligence process the STC Board appointed TCorp as Master Investment Manager for the defined benefit assets. This arrangement is governed by a written contract, the Master Financial Services Agreement, which establishes the services and functions of TCorp. The appointment of TCorp commenced 15 June 2015.

Asset Consultant – Frontier Advisors Pty Limited, the appointed Asset Consultant for STC, provide a range of services that include the review of objectives, strategic asset allocation and the risk/return profile of investment options.

Appointed Actuary – Mercer Consulting (Australia) Pty Limited is STC's Appointed Actuary. The services include advice on the triennial review which projects the profile of the Fund's assets and liabilities to the funding position and schemes' requirements. It also includes asset and liability modelling to test sensitivities to different funding, return, salary, inflation and longevity assumptions.

Master custodian – The Trustee Board has appointed JPMorgan Chase Bank, NA, as Master Custodian to hold the Pooled Fund's assets. The master custodian also values the Fund daily and monitors each investment manager's daily activity to ensure compliance with its investment mandate.

Investment managers – As required by the *Superannuation Administration Act 1996 (NSW)*, all of the Pooled Fund's assets are managed by external fund managers appointed by STC. Each manager operates under a written agreement which can take the form of an Investment Management Agreement or Side Letter as appropriate. Fund managers' performance is monitored throughout the year and new managers may be added or existing managers replaced.

Policies – STC has a range of policies supporting the Investment Governance Framework. These include the:

- Investment Policy Statement (incorporating the Investment Beliefs)
- Derivative Risk Statement
- Liquidity Policy
- ESG/Proxy Voting Policy
- Large Exposure and Counterparty Policy.

Derivatives – Derivatives, including futures and options, can be used by STC's investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against market movements, and cannot be used for speculative purposes or investment portfolio gearing.

Currency hedging policy – The Trustee's policy for currency hedging at 30 June 2016 was as follows:

- international equities – developed market equities are hedged from 0% to 100% in Australian dollars
- international equities – emerging market equities are unhedged
- international property, infrastructure and alternative assets are hedged from 0% to 100% in Australian dollars
- international fixed interest assets (sovereign debt) are hedged from 0% to 100% in Australian dollars.

Defined benefit investment strategies at 30 June 2016

TRUSTEE SELECTION STRATEGY

Investment objective: The objective of the Trustee Selection Strategy is to maximise the earnings rate, subject to a greater than 50% probability of exceeding CPI + 4.5% p.a. over rolling 10-year periods.

Risk: Medium to high (standard risk measure (SRM) risk band 5: from three to less than four negative annual returns estimated over any 20-year period).

Net assets at 30 June 2016: $32,929.2 million

Asset allocation at 30 June 2016:

	Strategic %	Actual %
Liquid growth	**50.0**	**52.8**
Australian equities	22.0	23.1
International equities	28.0	29.7
Alternatives	**35.5**	**29.4**
Infrastructure	12.0	11.5
Property	10.0	9.6
Other alternatives	13.5	8.3
Liquid defensive	**14.5**	**17.8**
Australian fixed interest	5.0	6.0
International fixed interest	2.0	1.9
Cash	7.5	9.9
TOTAL	**100.0**	**100.0**

During 2015–16, efforts were made with the Trustee Selection Strategy to close the gap between the strategic allocation target and the actual asset allocation to alternatives. STC continues to be patient in this regard. It is more important to identify the right opportunities rather than focus on narrowing the gap between the actual asset allocation and the strategic target at all cost. As a result, cash levels have been above their strategic level. Being cash heavy has not had a big opportunity cost this year, given the returns from equities have, on average, been below the return from cash.

UNIVERSITY DIVERSIFIED CONSERVATIVE STRATEGY

Investment objective: The investment objective of the University Diversified Conservative Strategy is to maximise the earnings rate subject to a greater than 70% probability of exceeding CPI + 2.0% p.a. over rolling three to five-year periods.

Risk: Low (SRM risk band 2: from 0.5 to less than one negative annual return estimated over any 20-year period).

Net assets at 30 June 2016: $492.1 million

Asset allocation at 30 June 2016:

	Strategic %	Actual %
Liquid growth	**28.0**	**31.8**
Australian equities	12.0	14.1
International equities	16.0	17.6
Alternatives	**0.0**	**0.0**
Liquid defensive	**72.0**	**68.2**
Australian fixed interest	6.0	6.7
International fixed interest	2.0	2.3
Cash	64.0	59.3
TOTAL	**100.0**	**100.0**

UNIVERSITY CASH STRATEGY

Investment objective: The investment objective of the University Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding CPI p.a. over rolling three-year periods.

Risk: Very Low (SRM risk band 1: less than 0.5 negative annual return estimated over any 20-year period).

Net assets at 30 June 2016: $150.4 million

Asset allocation at 30 June 2016:

	Strategic %	Actual %
Liquid growth	**0.0**	**0.0**
Alternatives	**0.0**	**0.0**
Liquid defensive	**100.0**	**100.0**
Australian fixed interest	0.0	0.0
International fixed interest	0.0	0.0
Cash	100.0	100.0
TOTAL	**100.0**	**100.0**

Member investment choice strategies at 30 June 2016

GROWTH STRATEGY

Investment objective: The objective of the Growth Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 4.5% p.a. over rolling 10-year periods.

Risk: Medium to high (SRM risk band 5: from three to less than four negative annual returns estimated over any 20-year period).

Net assets at 30 June 2016: $6,221.8 million

Asset allocation at 30 June 2016:

	Strategic %	Actual %
Liquid growth	**50.0**	**52.9**
Australian equities	22.0	23.6
International equities	28.0	29.3
Alternatives	**34.0**	**31.7**
Infrastructure	11.0	11.1
Property	7.5	8.2
Other alternatives	15.5	12.4
Liquid defensive	**16.0**	**15.4**
Australian fixed interest	6.0	5.5
International fixed interest	2.0	2.1
Cash	8.0	7.8
TOTAL	**100.0**	**100.0**

BALANCED STRATEGY

Investment objective: The objective of the Balanced Strategy is to maximise the earnings rate subject to a greater than 60% probability of exceeding CPI + 3.0% p.a. over rolling seven-year periods.

Risk: Medium to high (SRM risk band 5: from three to less than four negative annual returns estimated over any 20-year period).

Net assets at 30 June 2016: $559.7 million

Asset allocation at 30 June 2016:

	Strategic %	Actual %
Liquid growth	**38.0**	**38.5**
Australian equities	16.0	16.2
International equities	22.0	22.3
Alternatives	**25.5**	**26.9**
Infrastructure	9.0	9.1
Property	8.5	8.8
Other alternatives	8.0	9.0
Liquid defensive	**36.5**	**34.6**
Australian fixed interest	13.5	14.4
International fixed interest	4.0	4.2
Cash	19.0	16.0
TOTAL	**100.0**	**100.0**

CONSERVATIVE STRATEGY

Investment objective: The objective of the Conservative Strategy is to maximise the earnings rate subject to a greater than 70% probability of exceeding CPI + 2.0% p.a. over rolling four-year periods.

Risk: Low (SRM risk band 2: from 0.5 to less than 1 negative annual return estimated over any 20-year period).

Net assets at 30 June 2016: $500.0 million

Asset allocation at 30 June 2016:

	Strategic %	Actual %
Liquid growth	**20.0**	**21.1**
Australian equities	8.0	8.5
International equities	12.0	12.6
Alternatives	**20.0**	**22.0**
Infrastructure	6.0	6.3
Property	7.5	8.1
Other alternatives	6.5	7.6
Liquid defensive	**60.0**	**56.9**
Australian fixed interest	11.5	12.7
International fixed interest	4.0	4.4
Cash	44.5	39.8
TOTAL	**100.0**	**100.0**

CASH STRATEGY

Investment objective: The objective of the Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding CPI p.a. over rolling three-year periods.

Risk: Very low (SRM risk band 1: less than 0.5 negative annual return estimated over any 20-year period).

Net assets at 30 June 2016: $185.4 million

Asset allocation at 30 June 2016:

	Strategic %	Actual %
Liquid growth	**0.0**	**0.0**
Alternatives	**0.0**	**0.0**
Liquid defensive	**100.0**	**100.0**
Cash	100.0	100.0
TOTAL	**100.0**	**100.0**

The objectives of the Cash and University Cash strategies were both lowered from CPI + 0.25% to CPI at the beginning of the 2015-16 financial year due to the low level of official interest rates and the expectation that the Reserve Bank of Australia was likely to continue to cut rates during the year.

Investment expenses

The investment management expense ratio for an investment strategy is the investment management expenses incurred by the strategy expressed as a percentage of the strategy's average net asset value. The investment management expense ratios for the seven STC investment strategies are shown below. (Note, the expense ratios for FY 2016–17 are estimates and may change as the year unfolds due to market circumstances or changes in the structure of the asset sectors.)

Investment management expense ratio of average total assets		
Strategy	**Actual 2015–16 %**	**Estimated 2016–17 %**
Defined benefit investment strategies		
Trustee Selection	0.45	0.42
University Diversified Conservative	0.07	0.09
University Cash	0.08	0.07
Member Investment Choice investment strategies		
Growth	0.40	0.42
Balanced	0.31	0.29
Conservative	0.22	0.21
Cash	0.06	0.07

Actual FY 2015–16 investment management expenses on some strategies were slightly higher due to performance fees on certain unlisted assets outperforming set benchmarks.

Changes to investment strategies effective 1 July 2016

In June 2016, STC undertook its annual review of the investment strategy for the Pooled Fund and made the following changes, effective 1 July 2016.

Changes to the return objectives

The return objective for the Growth Strategy was revised down from CPI + 4.5% p.a. over rolling 10-year periods to CPI + 4.0% p.a. over rolling 10-year periods, as expectations of the returns likely to be achieved over the long term were lowered.

The return objective for the University Diversified Conservative Strategy was lowered from CPI + 2.0% p.a. over rolling four-year periods to CPI + 1.0% p.a. over rolling four-year periods. This change was due to significant outflows projected from this product into the University Cash option over the coming year.

Despite lower-than-expected asset class returns over the long term, there was confidence that the current return objectives for the Trustee Selection, University Cash, Balanced, Conservative and Cash Strategies are achievable; therefore, these remained unchanged.

Strategic asset allocation changes

For the Trustee Selection Strategy, STC kept the allocation to liquid growth unchanged, but decreased the liquid defensives allocation in favour of alternatives, which provides for an increase in investment in opportunistic strategies with defensive characteristics.

There were no changes to Growth Strategy strategic allocations for liquid growth, alternatives and liquid defensives. Nevertheless, changes occurred within each of these broad categories, the largest of which was the introduction of a strategic allocation to alternative debt within alternatives. It is envisaged that this allocation will be funded during the year. The aim is to increase the allocation to income-producing strategies given this option has a highly negative cash-flow profile.

The strategic changes to the Growth Strategy were only partially reflected in the asset allocations for the Balanced and Conservative Strategies. Both of these strategies have a less negative cash-flow profile, as they tend to benefit from changes to the Growth Strategy.

These asset allocation changes do not adversely affect the risk and return profiles (standard risk measures) of any of the strategies over their respective time horizons.

Strategic asset allocation target levels and dynamic asset allocation ranges effective from 1 July 2016 for the three defined benefit strategies and the four member investment choice strategies are shown on the two following pages.

STRATEGIC ASSET ALLOCATIONS FOR DEFINED BENEFIT STRATEGIES

Trustee Selection Strategy

Effective from 1 July 2016, the strategic asset allocation for the Trustee Selection Strategy was revised as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**50.0**	**34.0 – 66.0**
Australian equities	22.0	
International equities	28.0	
Alternatives	**37.5**	**27.5 – 47.5**
Infrastructure	12.0	
Property	10.0	
Other alternatives	15.5	
Liquid defensive	**12.5**	**10.0 – 28.5**
Australian fixed interest	4.0	
International fixed interest	1.5	
Cash	7.0	
TOTAL	**100.0**	**100.0**

University Diversified Conservative Strategy

Effective from 1 July 2016, the strategic asset allocation for the University Diversified Conservative Strategy was revised as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**28.0**	**20.0 – 36.0**
Australian equities	12.0	
International equities	16.0	
Alternatives	**0.0**	**N/A**
Liquid defensive	**72.0**	**64.0 – 80.0**
Australian fixed interest	6.0	
International fixed interest	2.0	
Cash	64.0	
TOTAL	**100.0**	**100.0**

University Cash Strategy

Effective from 1 July 2016, the strategic asset allocation for the University Cash Strategy was revised as follows:

	Strategic asset allocation %
Liquid growth	**0.0**
Alternatives	**0.0**
Liquid defensive	**100.0**
Cash	100.0
TOTAL	**100.0**

Note: Dynamic asset allocation ranges are not used in the University Cash Strategy.

STRATEGIC ASSET ALLOCATIONS FOR MEMBER INVESTMENT CHOICE STRATEGIES

Growth Strategy

Effective from 1 July 2016, the strategic asset allocation for the Growth Strategy was revised as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**50.0**	**34.0 – 66.0**
Australian equities	22.0	
International equities	28.0	
Alternatives	**34.0**	**26.0 – 42.0**
Infrastructure	11.0	
Property	7.5	
Other alternatives	15.5	
Liquid defensive	**16.0**	**10.0 – 32.0**
Australian fixed interest	5.0	
International fixed interest	3.0	
Cash	8.0	
TOTAL	**100.0**	**100.0**

Balanced Strategy

Effective from 1 July 2016, the strategic asset allocation for the Balanced Strategy was revised as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**38.0**	**28.0 – 48.0**
Australian equities	16.0	
International equities	22.0	
Alternatives	**26.0**	**18.0 – 34.0**
Infrastructure	9.0	
Property	7.5	
Other alternatives	9.5	
Liquid defensive	**36.0**	**26.0 – 46.0**
Australian fixed interest	13.5	
International fixed interest	4.5	
Cash	18.0	
TOTAL	**100.0**	**100.0**

Conservative Strategy

Effective from 1 July 2016, the strategic asset allocation for the Conservative Strategy was revised as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	**20.0**	**12.0 – 28.0**
Australian equities	8.0	
International equities	12.0	
Alternatives	**21.0**	**13.0 – 29.0**
Infrastructure	6.0	
Property	7.5	
Other alternatives	7.5	
Liquid defensive	**59.0**	**51.0 – 67.0**
Australian fixed interest	11.5	
International fixed interest	4.5	
Cash	43.0	
TOTAL	**100.0**	**100.0**

Cash Strategy

Effective from 1 July 2016, the strategic asset allocation for the Cash Strategy was revised as follows:

	Strategic asset allocation %
Liquid growth	**0.0**
Australian equities	0.0
International equities	0.0
Alternatives	**0.0**
Liquid defensive	**100.0**
Cash	100.0
TOTAL	**100.0**

Note: Dynamic asset allocation ranges are not used in the Cash Strategy.

Investment managers at 30 June 2016

Australian equities	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Balanced Equity Management Pty Limited	✓	–	–
BlackRock Asset Management Australia Limited	✓	–	–
BT Investment Management (Institutional) Limited	✓	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
Cooper Investors Pty Limited	✓	–	–
Ellerston Capital Limited	✓	–	–
Hyperion Asset Management Limited	✓	–	–
Lazard Asset Management Pacific Co	✓	–	–
Macquarie Investment Management Limited	✓	–	–
Maple-Brown Abbott Limited	✓	–	–
Northcape Capital Pty Ltd	✓	✓	–
Perennial Value Management Limited	✓	✓	–
Platypus Asset Management Pty Ltd	✓	✓	–
State Street Bank & Trust Company	✓	✓	–
State Street Global Advisors Australia Limited	✓	✓	–
International equities			
Altrinsic Global Advisors LLC	✓	✓	–
AQR Capital Management LLC	✓	✓	–
Arrowstreet Emerging Markets Fund	✓	✓	–
Artisan Partners Limited Partnership	✓	–	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
Goldman Sachs Australia Pty Ltd	✓	–	–
Harris Associates Limited Partnership	✓	–	–
Hexavest Inc.	✓	–	–
Investec Asset Management Limited	✓	✓	–
Lazard Asset Management Pacific Co	✓	–	–
Morgan Stanley Investment Management Ltd	✓	–	–
New South Wales Treasury Corporation	✓	–	–
Realindex Investments Pty Limited	✓	–	–
State Street Bank & Trust Company	✓	✓	–
State Street Global Advisors Australia Limited	✓	✓	–
The Genesis Emerging Markets Investment Company C/O Genesis Asset Managers LLP	✓	–	–
Trilogy Global Advisors LLC	✓	✓	–

	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Property			
Dexus Funds Management Limited	✓	–	–
EG Funds Management Pty Ltd	✓	–	–
Franklin Templeton Investments Australia Limited	✓	–	–
SG Hiscock & Company Limited	✓	–	–
Vanguard Investments Australia Ltd	✓	✓	–
LaSalle Investment Management (via Equity Trustees Ltd)	–	✓	–
International fixed interest			
State Street Global Advisors Australia Limited	✓	✓	–
Wellington International Management Company Pty Ltd	✓	–	–
Australian fixed interest & cash			
BT Investment Management (Institutional) Limited	✓	✓	–
Colonial First State Asset Management (Australia) Limited	✓	–	–
State Street Global Advisors Australia Limited	✓	✓	–
New South Wales Treasury Corporation	✓	–	–
Alternative assets			
AMP Capital Investors Limited	✓	✓	–
Deutsche Australia Limited	✓	✓	–
Fulcrum Asset Management LLP	✓	✓	–
GMO Australia Limited	✓	✓	–
Hastings Investment Management Limited	–	✓	–
Kaplan Funds Management Pty Limited	✓	–	–
Macquarie Investment Management Limited	✓	✓	–
Macquarie Specialised Asset Management Limited	✓	–	–
PineBridge Investments LLC	✓	✓	–
Pyrford International	✓	–	–
RARE Infrastructure Limited	✓	✓	–
Siguler Guff Distressed Opportunities Fund III (F) LP	✓	–	–
Siguler Guff Distressed Opportunities Fund IV (F) LP	✓	–	–
Whitehelm Capital Pty Ltd	✓	–	–
Currency			
Pareto Investment Management Limited	✓	✓	–
State Street Global Advisors Australia Limited	✓	✓	–
Universities			
State Street Global Advisors Australia Limited	–	–	✓

Member services

Overview of scheme membership

The membership of the STC schemes at 30 June 2016 is set out below.

Scheme	At 30 June 2012	At 30 June 2016	Movement % over 5 years
Active members			
SASS	38,224	26,076	-32%
SSS	13,420	5,653	-58%
PSS	1,673	1,166	-30%
Total	**53,317**	**32,895**	**-38%**
Deferred benefit members			
SASS	10,530	10,112	-4%
SSS	2,749	1,838	-33%
PSS	141	107	-24%
Total	**13,420**	**12,057**	**-10%**
Pension members			
SASS	3,869	4,241	10%
SSS	49,048	54,230	11%
PSS	6,521	6,557	0%
Total	**59,438**	**65,028**	**9%**
Total	**126,175**	**109,980**	**-13%**

The STC schemes are closed to new members. Over the past five years, the number of active members fell by 20,422, while the number of pension members increased by 5,590. Refer to page 62 for membership statistics for the past five years.

The next five years

Over the coming five-year period to 30 June 2021, the membership of the STC schemes will continue to fall to a projected 90,411 members, while the contributory or active membership will halve to 16,728 members. This rapid reduction in contributors reflects the age profile of the membership as well as the SSS benefit design, which encourages retirement by age 60. Over the period to 2021, the deferred benefit membership is projected to fall to 7,326 members, as these members reach the age when they can claim their benefit.

In contrast to the reduction in contributory and deferred benefit members, the number of pension members is projected to increase from 65,028 to 66,357 in 2021 and to peak in 2019. Over the longer term, pension members will be the only members in the STC schemes.

Services for members

STC continues to provide a range of services to enable members to obtain timely, accurate and useful information on the schemes and their personal benefit entitlements.

INFORMATION, EDUCATION AND ADVICE SERVICES

The trends in members' use of the services are shown in the table below.

	2013–14	2014–15	2015–16
Telephone calls	104,711	94,119	89,059
Letters	7,375	5,560	5,529
Emails	10,506	8,769	12,347
Seminar attendance	2,587	2,237	2,091
Personal interviews	1,324	878	790
Financial planning advice	22,281	19,920	20,982

Members' use of information, education and advice services over the three-year period to 30 June 2016 has declined marginally, however when offset against actual member numbers the average contact points per member has increased marginally in the past year suggesting a more engaged membership.

Personal interview service

Personal interviews are available for current and deferred STC members. Members are provided with general advice about their scheme and general superannuation information. During 2015–16, Pillar staff conducted 790 interviews, mainly at their Sydney CBD office, with the remainder held in regional offices of StatePlus.

Financial planning advice

StatePlus provides financial planning advice to members of the STC schemes and their relatives. As part of the sale of StatePlus to First State Super, STC and First State Super signed a new Access Agreement which documents the services offered to members by StatePlus. The Access Agreement has a 15-year initial term and a five-year optional extension period, ensuring members will continue to have access to financial advice services for many years to come.

STC and StatePlus continue to liaise closely to ensure that STC scheme members continue to have access to high-quality information and advice about their scheme entitlements and financial planning. During 2015–16, StatePlus made 20,982 financial planner appointments for STC members or relatives of STC members.

Retirement planning seminars

Effective from 1 July 2015, the provision of retirement planning seminars to STC members was outsourced to StatePlus. The service is provided through a Member Seminar Services Agreement between STC and StatePlus and documents the services delivered to members. STC will continue to monitor the provision of this service to members for quality and accuracy.

During 2015–16, StatePlus delivered 118 retirement planning seminars across NSW metropolitan and regional areas on behalf of STC. Of these, 76 were SASS-based seminars and 42 were SSS based. These were attended by 2,091 SASS and SSS members.

OTHER SERVICES TO MEMBERS

Salary sacrifice contributions

All members have the option of contributing their compulsory member contributions on a post or pre-tax (salary sacrifice) basis. The majority of members in all schemes make salary sacrifice contributions. The percentage of member contributions received via salary sacrifice from 1 July 2013 to 30 June 2016 is shown in the following table, with a breakdown per scheme.

Percentage of member contributions received via salary sacrifice over the last three years

Scheme	2013–14 %	2014–15 %	2015–16 %
SASS	64	68	72
SSS	80	82	83
PSS	60	62	67

SASS member investment choice

SASS members are able to choose single or multiple investment strategies for their personal account balance and future contributions.

The table below shows the allocation of member account balances by investment strategy. The account balances cover both contributory and deferred SASS members, are net of surcharge tax liabilities and include deferred SANCS benefits invested in the Growth Strategy.

	Account balances			
	30 June 2015 $ million	%	30 June 2016 $ million	%
Growth	6,281.6	84	6,221.8	83
Balanced	531.8	7	559.7	8
Conservative	493.0	7	500.0	7
Cash	168.6	2	185.4	2
Total	**7,475.0**	**100**	**7,466.9**	**100**

A large majority of account balances continue to be invested in the Growth Strategy (the default strategy) for member investment choice. Over the course of 2015–16, the amount invested in each strategy increased, except in the Growth Strategy, which experienced net outflows.

Part D
Corporate Governance

The following information is provided in accordance with the *Annual Reports (Statutory Bodies) Regulation 2015*.

Corporate governance

Risk management

Human resource management

Budgets

Expenditure and disclosure information

Corporate governance

Well-considered and fit-for-purpose governance arrangements are the foundation of high-quality performance. In 2015–16, STC implemented a number of governance improvements which together have increased its organisational governance capability. Subsequently, the governance team undertook a number of further initiatives to centralise reporting and streamline processes. Work in the coming year will continue to align with best practices while providing governance support to the organisation through this period of evolution.

STC's regulatory framework

STC is governed by the *Superannuation Administration Act 1996 (NSW)* (SA Act). The SA Act expressly provides that STC is a trustee for the purposes of the Trustee Act 1925 (NSW).

The STC schemes are exempt public sector superannuation schemes for the purposes of the *Superannuation Industry Supervision Act 1993* (Cth) (the SIS Act) and are therefore not regulated under that Act. However the SIS Act is relevant because the State of NSW entered into the Heads of Government Agreement (HOGA). The HOGA (which deals with superannuation) is an undertaking made by the State of NSW that it will ensure that members' accrued benefits in exempt schemes are fully protected and that exempt schemes will, on a best endeavours basis, conform to the principles of the Commonwealths' retirement income policy as reflected in the attachment to the HOGA and from time to time in Commonwealth legislation. STC considers the Commonwealth legislation (and prudential standards) provide significant guidance as to the exercise of its statutory and fiduciary functions. Accordingly, STC aspires to be compliant with Commonwealth legislation including the SIS Act (and prudential standards) on a best endeavours basis.

STC's prudential responsibilities are monitored by the New South Wales Government, with the Treasurer of NSW having specific responsibilities.

The NSW Treasury is continuing to work with STC and TCorp to complete the NSW Funds Amalgamation Project in order to fully realise the Project's potential benefits.

Compliance framework

STC's formal compliance framework outlines the processes adopted by the Trustee Board to ensure compliance with the regulatory obligations that apply to STC's day-to-day operations. The framework is the totality of the systems, structures, policies, processes and people within STC's business operations that identify, assess and manage compliance obligations. The Trustee Board receives ongoing reporting and actively participates in the monitoring process to ensure the adequacy of the plans and policies, both directly and through its Committees.

STC's compliance processes include:

- the review and maintenance of plans and policies required by NSW legislation for public sector agencies
- the review and maintenance of plans and policies that comply (on a best endeavours basis) with the SIS Act, APRA Standards and relevant provisions of the *Corporations Act 2001*
- the review and maintenance of compliance obligations registers that identify STC's legislative and contractual obligations
- ongoing self-assessment of compliance management with the obligations register and reporting of results to the Risk, Audit and Compliance Committee.
- obtaining annual formal verification from STC's outsourced service providers confirming they have complied with their contractual and legislative obligations in relation to their services to STC
- regular monitoring of compliance with obligations as outlined in the compliance obligations register
- periodic internal audits of compliance with relevant plans and policies
- regular Board appraisals to assess governance and control practices along with other key elements for Board success.

Risk management

Risk management and insurance

The Trustee Board is responsible for having a Risk Management Framework that is appropriate to the size, business mix and complexity of the STC schemes and which enables the Trustee to effectively manage the material risks presented by its environment and objectives.

The Risk, Audit and Compliance Committee (RACC) assists STC to monitor and review the Risk Management Framework. Held quarterly, the RACC meetings are also attended by members of the Executive and representatives of the NSW Audit Office. Material outsourced providers, including the Administrator, Custodian and Master Investment Manager, also attend RACC meetings on at least an annual basis.

Risk Management Framework and associated documents

STC's Risk Management Framework sets out the Trustee Board's approach to risk. It represents the systems, structures, policies, processes and people within STC's business operations that identify, assess, manage, mitigate and monitor all internal and external sources of inherent risk that could have a material impact on STC's business operations or the interests of beneficiaries.

STC's Risk Management Framework has been developed with regard to APRA Prudential Standard SPS 220 Risk Management and includes the following:

- Risk Appetite Statement (including Risk Tolerances)
- Risk Management Strategy
- Risk Register.

The **Risk Appetite Statement** articulates the acceptable risk limits within which staff and consultants, whether internal or external, and at all levels of STC business operations, must operate; while material risks, control methods and ongoing monitoring procedures are set out in STC's **Risk Management Strategy**. STC's **Risk Register** details:

- risks that have been identified by the Trustee Board as material
- methods adopted to minimise and/or mitigate material risks
- a methodology for monitoring material risks on an ongoing basis.

The Risk Register is reviewed by STC staff regularly and reported to the RACC quarterly. A full review is performed annually, entailing a detailed analysis and assessment of the material risks in relation to STC's objectives, and the scheme's activities and proposed activities for review by the RACC and the Trustee Board.

In addition to the Risk Management Framework, STC has procedures in relation to:

- the management and monitoring of adequate human, technical and financial resources to enable STC to carry out its obligations effectively
- the management and control of fraud and corruption
- insurance cover in the event of an unexpected occurrence affecting its operations or resources.

STC also has policies to deal with risk mitigation, including the **Code of Conduct** and **Ethics and Protected Disclosures Reporting Policy**, which encourage proactive risk management and compliance with regulatory obligations.

Insurance

During the 2015–16 financial year insurance for STC was maintained with the NSW Self Insurance Corporation (SI Corp), which covers the NSW Government's insurable risks. SI Corp provides cover for the following classes of risk:

- Workers Compensation
- property (full replacement, new for old, including consequential loss)
- liability (including, but not limited to, professional indemnity and directors' and officers' liability)
- miscellaneous (e.g. personal accident).

Internal Audit and Risk Management Attestation Statement for the 2015–16 Financial Year for the SAS Trustee Corporation

SAS Trustee Corporation (STC) Board Members are of the opinion that STC and its controlled entity, the SAS Trustee Corporate Staff Agency (the Agency) has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Core requirements

Risk Management Framework		
1.1	The STC Board is ultimately responsible and accountable for risk management in STC and its controlled agency	COMPLIANT
1.2	A risk management framework that is appropriate to STC has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	COMPLIANT
Internal Audit Function		
2.1	An internal audit function has been established and maintained	COMPLIANT
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	COMPLIANT
2.3	STC has an Internal Audit Charter that is consistent with the content of the 'model charter'	COMPLIANT
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	COMPLIANT
3.2	The Risk, Audit and Compliance Committee is an advisory committee providing assistance to the STC Board on STC governance processes, risk management and control frameworks, and its external accountability obligations	COMPLIANT
3.3	The STC Risk, Audit and Compliance Committee has a Charter that is consistent with the content of the 'model charter'	COMPLIANT

Membership

The Chairperson and Members of the Risk, Audit and Compliance Committee for the 2015–16 period are:

- Independent Chairperson – George Venardos
- Independent Member – Tony O'Grady
- Independent Member – Karen Moses
- Independent Member – Catherine Bolger

This ATTESTATION was executed on 24 October 2016, following a resolution of the STC Board on 28 September 2016.

The COMMON SEAL of the)
SAS Trustee Corporation was)
here to affixed in the presence of:)

Signature of John Livanas

John Livanas
CEO

Signature of Witness

ALLAN PARAPURAM
Name of Witness

Privacy and use of member information

As a NSW Government entity, STC complies with relevant legislation, including the *Privacy and Personal Information Protection Act 1998* (Privacy Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act).

STC has developed a Privacy Management Plan (the Plan) and administers it with the assistance of Pillar Administration. STC has also developed a Privacy Statement that:

- details how STC complies with the requirements of the Privacy and HRIP Acts
- explains how STC deals with members' personal and health information that may be collected and used in the course of administering the Fund
- summarises the circumstances where STC may provide a members' personal and health information to third parties.

STC endeavours to ensure its records of members' personal details are up-to-date and accurate. Members may contact Pillar Administration to advise of changes to their personal and health details. Additionally, STC takes steps to ensure there is no unauthorised use or disclosure of members' information. The Privacy Statement is available on request and from the State Super website at **www.statesuper.nsw.gov.au**.

Public interest disclosures

STC has established a Protected Disclosures Reporting Policy which ensures STC's processes are compliant with the *Public Interests Disclosures Act 1994 (NSW).* STC facilitates staff awareness of the STC Policy and the relevant protections under the Act in a number of ways, including providing staff access to STC's Policy and conducting staff awareness training.

There were no public interest disclosures made during the reporting period.

Significant judicial decisions

STC is unaware of any significant judicial decisions during 2015–16 that have affected, or may affect it, in its capacity as Trustee of the STC schemes or affect the users of the STC schemes in their capacity as members of a public sector superannuation scheme.

Consumer disputes and appeals

The superannuation schemes administered by STC provide members with a two-stage system of review of any decision made by a delegate of STC that they wish to dispute. The first stage is the STC Member Services Committee, while the second stage is an appeal to the Industrial Court of NSW.

At 30 June 2015, a total of 20 disputes were current. During the year ending 30 June 2016, 20 new disputes were lodged and 34 disputes were concluded (including disputes carried over from the previous year). The majority of disputes concerned applications and amendments to Certificates of Incapacity from the PSS scheme, from both exiting and former members of the NSW Police Service. A large number of disputes also involved applications for Total and Permanent Invalidity benefits from the SASS scheme.

Disputes on hand at 30 June 2015	20
Disputes lodged in 2015–16	20
Disputes determined in 2015–16	
Confirmation of STC delegates' decision	8
Delegates' decision set aside and new decision made	9
Settled	7
Disputes withdrawn or discontinued in 2015–16	10
Disputes on hand at 30 June 2016	6

Appeals to the Industrial Court from the STC Disputes Committee determinations resulted as follows:

Decided in favour of STC	4
Decided in favour of the member/beneficiaries	0
Withdrawn or discontinued	3
Settled	1
Outstanding at the end of the reporting year	7

District Court/Supreme Court

The Police Superannuation Scheme provides for appeals regarding 'Hurt on Duty' matters to the District Court of NSW from decisions of:

- the Police Superannuation Advisory Committee (PSAC) as the delegate of STC on entitlements to pension increases
- Allianz Insurance Australia Limited as the delegate of STC on entitlements to lump sum payments for duty-related permanent impairments.

During the financial year 2015–16, these appeals resulted in the following outcomes:

	PSAC	Allianz
Decided in favour of STC	7	0
Decided in favour of the member/beneficiaries	5	0
Withdrawn or discontinued	0	0
Settled	33	5
Outstanding at the end of the reporting year	24	2

Government Information (Public Access) Act

Program for the release of information

Under the *Government Information (Public Access) Act 2009* (GIPA Act), STC must review, at least annually, its program for the release of information that should be made available in the public interest without imposing unreasonable additional costs on STC. The information that has been released on the website at **www.statesuper.nsw.gov.au/corporate-governance/access-to-information-gipa** is reviewed and updated regularly.

Total number of access applications received by STC

During 2015–16, STC did not receive any applications under the GIPA Act. Requests regarding member records were handled on behalf of STC by the Fund administrator, Pillar Administration (Pillar). Statistical information regarding members' records under the GIPA Act is contained in Pillar's Annual Report.

Applications refused under Schedule 1 of the GIPA Act

During the 2015–16 reporting period, STC refused no applications as none were received.

Relevant legislative changes

Statute Superannuation Administration Act

Effective Date	Principal Act or regulation	Amending Act or regulation	Section or clause	Description
4 Dec 2015	*Superannuation Administration Act 1996*	*Superannuation Administration Amendment (Investment Management and Other Matters) Act 2015*	ss. 4, 50-54, 58-59 and 61 amended; new ss. 60, 127A and 129A and Amendments to schedules	To help implement the centralised investment management model as part of the Government's funds management amalgamation project and ensure the full benefits of the model are realised, including the potential to achieve superior returns.

Human resource management

Following the proclamation of the *Public Sector Employment Legislation Amendment Act 2006* (NSW), all STC Executive staff, with the exception of the Chief Executive Officer, are employed by the SAS Trustee Corporation Staff Agency, a government service of NSW. The Chief Executive Officer's contract for employment is with STC; however, all salary administration is conducted through the Agency. The administration of payroll and human resource services is provided by Pillar Administration.

Salary movement

Salaries for contract staff are reviewed annually as part of a remuneration review process. Award staff salary movement during the year was consistent with the Crown Employees (SAS Trustee Corporation) Award 2010. Salary movement for all contract staff during the year was in line with NSW Government Wages Policy.

Employee remuneration levels

The table below shows remuneration levels and number of staff by gender and salary range at 30 June 2016.

Salary range	2013			2014			2015			2016		
	Men	Women	Total staff	Men	Women	Total staff	Men	Women	Total staff	Men	Women	Total staff
< $39,670	0	0	0	0	0	0	0	0	0	0	0	0
$39,670 – $52,103	0	0	0	0	0	0	0	0	0	0	0	0
$52,104 – $58,248	0	0	0	0	0	0	0	0	0	0	0	0
$58,249 – $73,708	1	0	1	0	0	0	1	1	2	0	1	1
$73,709 – $95,318	2	3	5	3	2	5	1	3	4	0	1	1
$95,319 – $119,149	1	4	5	3	6	9	2	3	5	4	5	9
> $119,149	12	10	22	16	16	32	11	13	24	18	13	31
Totals	**16**	**17**	**33**	**22**	**24**	**46**	**15**	**20**	**35**	**22**	**20**	**42**
	48%	**52%**		**48%**	**52%**		**43%**	**57%**		**52%**	**48%**	

Executive remuneration levels

The table below shows remuneration levels and the number of senior executive staff by salary band and gender at 30 June 2016. Just over a quarter (25.5%) of STC's employee-related expenditure in 2016 related to senior executives, compared with 19.6% in 2015.

Band* and salary range	2015				2016			
	Men	Women	Total	Average Remuneration	Men	Women	Total	Average Remuneration
Band 4 (Secretary) $441,201 – $509,750	0	0	0	N/A	0	0	0	N/A
Band 3 (Deputy Secretary) $313,051 – $441,200	0	3	3	$390,000	0	3	3	399,750
Band 2 (Executive Director) $248,851 – $313,050	0	2	2	$250,000	1	2	3	262,500
Band 1 (Director) $174,500 – $248,850	0	0	0	N/A	0	0	0	N/A
	0	5	5		1	5	6	

** STC does not use senior executive bands; therefore, senior executives have been included in the band that includes their remuneration package.*

Industrial relations

The Public Service Association of New South Wales provide industrial coverage for staff of the Executive. No time was lost during 2015–16 through industrial action.

The *Government Sector Employment Act 2013* (GSE Act) applies to workforce management in the public sector and replaces the *Public Sector Employment and Management Act 2002* (PSEM Act). However, STC has been granted an exemption from the GSE Act until 1 January 2016. Implementation of the GSE Act within STC is scheduled to be completed by 30 November 2016. Until that time, the PSEM Act continued to apply to STC.

Training and development

STC recognises the need for ongoing staff development and has an online continuing professional development program available to all. In addition, staff may attend training provided by external providers where appropriate and can keep up-to-date with changes in the superannuation industry by attending seminars, short courses and conferences.

Workforce diversity

STC is an equal opportunity employer with integrated workforce diversity practices in all areas of the workplace. This facilitates an environment where staff are valued and have the opportunity to contribute and develop. The merit principle is applied to all recruitment, selection, promotion, training and other employment-related opportunities. Workforce diversity data is requested from all STC staff on commencement of employment.

Table A: Trends in the representation of workforce diversity groups[1]

Workforce diversity group	Benchmark or target	%of total staff[5]			
		2013	2014	2015	2016
Women	50%	52	51	56	48
Aboriginal people and Torres Strait Islanders	2.6%	0	0	0	0
People whose first language is not English	19%	27	32	34	29
People with a disability	N/A[6]	9	5	3	3
People with a disability requiring work-related adjustment	1.4% (2013) 1.5% (2014) 1.5% (2015) 1.5% (2016)	0	2	3	3

Table B: Trends in the distribution of workforce diversity

Workforce diversity group	Distribution index[7]				
	Benchmark or target	2013	2014	2015	2016
Women	100%	52	99	N/A	93
Aboriginal people and Torres Strait Islanders	100%	0	N/A	N/A	N/A
People whose first language was not English	100%	27	N/A	N/A	N/A
People with a disability	100%	N/A	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100%	N/A	N/A	N/A	N/A

Notes

[1] Staff numbers at 30 June 2016.
[5] Excludes casual employees.
[6] Per cent employment levels are reported but a benchmark level has not been set.
[7] A distribution index of 100 indicates that the centre of the distribution of the workforce diversity group across salary levels is equivalent to that of other staff. Values of less than 100 mean that the workforce diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the workforce diversity group is less concentrated at lower salary levels. The distribution index is not calculated where the workforce diversity group or non-workforce diversity group numbers are less than 20.

Budgets

STC budget for the years ended 30 June 2016 and 2017

Income (reimbursement)	Proforma budget FY 2017 $'000	Budget FY 2016 $'000	Actual FY 2016 $'000
Income (reimbursement)	48,504	61,288	46,826
Crown contribution for Fund amalgamation	-	1,000	432
Total income (reimbursements)	**48,504**	**62,288**	**47,258**
Expenditure			
Scheme administration expenses	**26,159**	**28,690**	**24,283**
Executive and Board			
Trustee expenses	840	1,091	619
Staff related costs	7,921	7,732	8,712
Accommodation/premises costs	997	970	933
Other administration expenses	6,629	6,901	6,089
Regulatory, governance and process improvement initiatives	5,958	15,904	6,190
Fund Amalgamation Project expenses	-	1,000	432
Total Executive and Board expenses	**22,345**	**33,598**	**22,975**
Total expenditure	**48,504**	**62,288**	**47,258**

Expenditure disclosure information

Overseas visits

The table below details overseas visits made by employees and officers of STC during the 2015–16 financial year. The purpose of these visits related to achieving STC's 2015–16 business objectives, including meeting investment return objectives and managing outsourced contracts.

Name	Date of travel	Destination
Lisbeth Rasmussen	6–7 December 2015	New Zealand
John Livanas	9–12 December 2015	Hong Kong
Lisbeth Rasmussen	12–17 December 2015	England
John Livanas	23–28 January 2016	U.S.

Payments to consultants

Payments to consultants during the 2015–16 financial year were nil.

Account payment performance

Accounts paid on time within each quarter

Measure	Sept-15	Dec-15	Mar-16	Jun-16
All suppliers				
Number of accounts due for payment	444	365	384	496
Number of accounts paid on time	444	365	384	496
Actual percentage of accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment	$13,405,637	$10,714,202	$14,203,623	$12,946,973
Dollar amount of accounts paid on time	$13,405,637	$10,714,202	$14,203,623	$12,946,973
Actual percentage of accounts paid on time (based on $)	100%	100%	100%	100%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers				
Number of accounts due for payment to small businesses	111	45	60	46
Number of accounts due to small businesses paid on time	111	45	60	46
Actual percentage of small business accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment to small businesses	$20,904	$13,030	$18,513	$12,855
Dollar amount of accounts due to small businesses paid on time	$20,904	$13,030	$18,513	$12,855
Actual percentage of small business accounts paid on time (based on $)	100%	100%	100%	100%
Number of payments to small business for interest on overdue accounts	0	0	0	0
Interest paid to small businesses on overdue accounts	0	0	0	0

Land disposal

No land disposals were undertaken during the reporting period.

Credit card certification

STC's policy for the use of corporate credit cards by executive staff is in accordance with the Treasurer's Directions 205.01–08 and the Treasury Policy and Guidelines Paper TPP 05-1. No irregularities in the use of corporate credit cards were recorded during the year.

Annual report production details

The production of this report, including its writing, editing, typesetting and printing, was undertaken internally and no external costs were incurred. This report is available online at **www.statesuper.nsw.gov.au** in PDF format. Hard copies can be provided upon request.

Digital information and security policy attestation

I, John Livanas of STC, am of the opinion that STC had an Information Security Management System in place during the 2015-16 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy except for the IT Security Policy which is currently in draft.

The controls in place to mitigate identified risks to the digital information and digital information systems of STC are adequate.

There is no agency under the control of STC which is required to develop an independent Information Security Management System in accordance with the *NSW Government Digital Information Security Policy*.

STC has maintained certified compliance with *ISO 27001 Information technology - Security techniques - Information security management systems - Requirements by an Accredited Third Party during the 2015-2016 financial year.*

Controlled entities

STC has one controlled entity – SAS Trustee Corporate Staff Agency. The principal activity and objective of the SAS Trustee Corporate Staff Agency is to provide personnel services to STC and the SAS Trustee Corporation Pooled Fund. The audited financial report of the SAS Trustee Corporate Staff Agency is included in this report.

Part E

Five-year membership and financial statistical tables

Five years at a glance – to 30 June 2016

Member statistics	2012	2013	2014	2015	2016
Active members – SASS	38,224	34,978	31,548	28,669	26,076
Active members – SSS	13,420	11,060	8,902	7,114	5,653
Active members – PSS	1,673	1,532	1,388	1,281	1,166
Total active members	**53,317**	**47,570**	**41,838**	**37,064**	**32,895**
Deferred benefit members – SASS	10,530	10,540	10,478	10,358	10,112
Deferred benefit members – SSS	2,749	2,490	2,274	2,047	1,838
Deferred benefit members – PSS	141	128	120	114	107
Total deferred benefit members	**13,420**	**13,158**	**12,872**	**12,519**	**12,057**
Pension members – SASS	3,869	3,894	4,037	4,156	4,241
Pension members – SSS	49,048	50,840	52,317	53,452	54,230
Pension members – PSS	6,521	6,517	6,551	6,550	6,557
Total pension members	**59,438**	**61,251**	**62,905**	**64,158**	**65,028**

Gender ratios – active members	2012	2013	2014	2015	2016
Females – SASS	51%	51%	51%	51%	51%
Males – SASS	49%	49%	49%	49%	49%
Females – SSS	34%	34%	35%	36%	37%
Males – SSS	66%	66%	65%	64%	63%
Females – PSS	12%	12%	12%	12%	12%
Males – PSS	88%	88%	88%	88%	88%

Contributions – $ million	2012	2013	2014	2015	2016
Employer contributions	139	155	165	217	281
Employee contributions	504	456	409	366	330
Crown contributions	6,005	1,280	1,236	1,264	1,376
Total contributions	**6,648**	**1,891**	**1,810**	**1,847**	**1,987**
Benefits paid – $ millions	3,689	4,051	4,456	4,436	4,529
Net contributions – $ millions	2,959	-3,840	-2,646	-2,589	-2,542
Investment revenue – $ millions	-37	6,166	4,822	4,499	1,615

Assets/liabilities	2012	2013	2014	2015	2016
Accrued benefits – SASS	13,184	13,653	14,232	14,521	14,436
Net assets to pay benefits	10,128	11,302	12,063	12,719	12,688
Over (under) funding – SASS	**-3,056**	**-2,351**	**-2,169**	**-1,802**	**-1,748**
Accrued benefits – SSS	30,843	31,652	32,177	32,618	34,887
Net assets to pay benefits	18,910	20,911	21,876	22,686	21,901
Over (under) funding – SSS	**-11,933**	**-10,741**	**-10,301**	**-9,932**	**-12,986**
Accrued benefits – PSS	6,661	6,852	7,010	7,034	7,373
Net assets to pay benefits	3,645	4,179	4,399	4,591	4,501
Over (under) funding – PSS	**-3,016**	**-2,673**	**-2,611**	**-2,443**	**-2,872**
Accrued benefits – SANCS	2,674	2,527	2,485	2,382	2,425
Net assets to pay benefits	1,669	1,818	1,911	1,991	1,949
Over (under) funding – SANCS	**-1,005**	**-709**	**-574**	**-391**	**-476**
Total accrued benefits	53,362	54,684	55,904	56,555	59,121
Total net assets to pay benefits	34,352	38,210	40,249	41,987	41,039
Over (under) funding – Total	**-19,010**	**-16,474**	**-15,655**	**-14,568**	**-18,082**

Employers are required by AASB119 Employee Benefits to report accrued benefits using a risk-free discount rate. This rate differs from the assumed earning rate used by the Fund actuary to calculate the accrued benefits set out in the table above. The risk-free rate results in a higher estimate of accrued benefits.

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Part F
Triennial Actuarial Valuation Report

The Triennial Actuarial Valuation of the Pooled Fund and each of the individual schemes at 30 June 2015 was carried out by Richard Boyfield, FIAA and Christopher Brown, FIAA of Mercer Consulting (Australia) Pty Ltd. A summary of this valuation is provided. A full version of the Actuarial Valuation Report is available on the State Super website, **www.statesuper.nsw.gov.au**.

Triennial Actuarial Valuation

Introduction

As requested by the SAS Trustee Corporation (the Corporation) we have carried out an actuarial valuation of the following schemes at 30 June 2015 in accordance with the following relevant legislation:

- the State Authorities Superannuation Scheme (SASS)
- the State Authorities Non-contributory Superannuation Scheme (SANCS)
- the State Superannuation Scheme (SSS)
- the Police Superannuation Scheme (PSS).

The above schemes are collectively known as the NSW Pooled Fund (Pooled Fund or the Fund).

The previous actuarial valuation of the NSW Pooled Fund was carried out by Martin Stevenson at 30 June 2012 and the results were set out in a report dated December 2012.

This report conforms to the requirements of Professional Standard 400 of the Institute of Actuaries of Australia applied to a non-APRA-regulated public sector superannuation scheme.

Valuation results by scheme

The total assets of each of the schemes are as follows:

Scheme	Assets at 30 June 2015 $ million			
	Employer reserve	Contributor reserve	Deferred reserve	Total
SASS*	5,691.9	4,921.3	2,100.6	12,713.8
SANCS	1,487.7	50.3^	453.1	1,991.1
SSS	20,353.4	2,333.0	-	22,686.4
PSS	4,231.4	359.7	-	4,591.1
Total	**31,764.4**	**7,664.3**	**2,553.7**	**41,982.4**

**Excludes the SASS self-insurance reserve of $5.6 million at 30 June 2015 as it is subject to a separate actuarial investigation. The total assets above plus the SASS self-insurance reserve reconciles to the total assets of $41,988.0 million as disclosed in the Pooled Fund financial statements at 30 June 2015.*

*^*Members are not required to contribute to SANCS. SANCS Other Accounts, including accumulation-style benefits such as government co-contributions received, are disclosed as SANCS Member Reserves for the purposes of presentation in this valuation report.*

The total past service liabilities by scheme are as follows:

Scheme	Past service liabilities at 30 June 2015 $ million			
	Employer	Contributor reserve	Deferred reserve	Total
SASS	7,562.9	4,921.3	2,100.6	14,584.8
SANCS	1,990.9	50.3	453.1	2,494.3
SSS	32,386.1	2,333.0	-	34,719.1
PSS	6,950.6	359.7	-	7,310.3
Total	**48,890.5**	**7,664.3**	**2,553.7**	**59,108.5**

The past service liabilities quoted above and in the rest of this report are not grossed up for contribution tax provisions.

The employer past service liabilities for each type of membership in each scheme are as follows:

Scheme	Employer past service liabilities at 30 June 2015 $ million			
	Contributors	Deferred members	Pensioners	Total
SASS	6,505.6	-	1,057.3	7,562.9
SANCS	1,990.9	-	-	1,990.9
SSS	2,852.8	399.9	29,133.4	32,386.1
PSS	1,160.3	18.4	5,772.0	6,950.6
Total	**12,509.6**	**418.3**	**35,962.7**	**48,890.5**

The employer unfunded liabilities by scheme at 30 June 2015 are as follows:

Scheme	Employer past service liabilities $ million (1)	Employer reserve $ million (2)	Employer unfunded liabilities $ million + (1) – (2)
SASS	7,562.9	5,691.9	1,871.0
SANCS	1,990.9	1,487.7	503.2
SSS	32,386.1	20,353.4	12,032.7
PSS	6,950.6	4,231.4	2,719.2
Total	**48,890.5**	**31,764.4**	**17,126.1**

For comparison, the employer unfunded liabilities by scheme at 30 June 2012 were:

Scheme	Employer past service liabilities $ million (1)	Employer reserve $ million (2)	Employer unfunded liabilities $ million + (1) – (2)
SASS	7,559.5	4,550.2	3,009.3
SANCS	2,202.5	1,373.3	829.2
SSS	28,016.5	15,922.7	12,093.8
PSS	6,398.2	3,351.7	3,046.5
Total	**44,176.7**	**25,197.9**	**18,978.8**

The asset coverage of past service liabilities (for employer funded liabilities and at total scheme level) of each scheme at 30 June 2015 and 30 June 2012 are:

Asset coverage of past service liabilities by scheme				
Scheme	Employer past service liabilities		Total past service liabilities	
	At 30 June 2015	At 30 June 2012	At 30 June 2015	At 30 June 2012
SASS	75%	60%	87%	77%
SANCS	75%	62%	80%	67%
SSS	63%	57%	65%	61%
PSS	61%	52%	63%	55%
Total	65%	57%	71%	65%

The asset coverage of the past service liabilities has improved from 30 June 2012 to 30 June 2015 due to the following key items of positive experience:

- Better than expected investment returns – the returns on the Fund's assets averaged 14.4% per annum in the three years to 30 June 2015 (based on the Fund's financial statements). This compares to 7.3% p.a. assumed for non-pensioner assets and 8.3% p.a. assumed for pensioner assets.
- Employer contributions were in excess of the cost of the benefit accrual in the three years to 30 June 2015.
- Pension indexations in the three years to 30 June 2015 were lower than expected.

The effect of the above positive experience items has been partially offset by a change in the valuation assumptions, most notably the reduced investment return/discount rate assumption reflecting current economic conditions.

Reconciliation of schemes' funding positions, 30 June 2012 – 30 June 2015

The table below sets out the key factors that contributed to the change in funding position for each scheme from 30 June 2012 to 30 June 2015.

Item	SASS	SANCS	SSS	PSS	Total
Surplus/(deficiency) at 1 July 2012	**-3,009.3**	**-829.2**	**-12,093.8**	**-3,046.5**	**-18,978.8**
Unwinding of discounting on the 2012 deficiency to 30 June 2015	-708.3	-195.2	-3,225.7	-812.6	-4,941.8
Actual investment return higher than assumed	969.5	316.9	4,183.7	874.9	6,345.0
Impact of additional employer contributions in excess of benefit accruals	838.9	255.1	1,153.7	382.3	2,630.0
Salary experience different from assumed	-61.8	-19.0	-76.6	54.6	-102.8
Lower than assumed pension indexation	9.0	-	230.3	46.0	285.3
Pensioner experience – different mortality and commutation experience from assumed	5.4	-	-85.8	36.5	-43.9
Other experience items and rounding (further comments below)	110.0	37.9	51.4	91.0	290.3
Surplus/(deficiency) at 30 June 2015 on 30 June 2012 valuation basis	**-1,846.6**	**-433.5**	**-9,862.8**	**-2,373.8**	**-14,516.7**
Changes in pensioner assumptions – including pensioner mortality rates and improvements, percentage married at death and spouse commutation rates	66.7	0.0	-588.3	-34.8	-556.3
Higher pension take-up assumed for SASS and PSS	-8.1	0.0	0.0	-59.3	-67.4
Lower PSS Hurt on Duty assumptions	0.0	0.5	0.0	37.0	37.5
Lower short-term redundancies assumed for SASS and SSS (and their associated SANCS liabilities)	88.1	23.4	13.9	0.0	125.4
Changes in salary increase assumptions	77.3	18.4	-1.5	127.0	221.2
Reduction in investment return/discount rate assumption	-260.5	-51.1	-1,588.7	-400.9	-2,301.2
Other assumption changes	12.1	-60.9*	-5.3	-14.4	-68.5
Surplus/(deficiency) at 30 June 2015 on 30 June 2015 valuation basis	**-1,871.0**	**-503.2**	**-12,032.7**	**-2,719.2**	**-17,126.1**

The 'other experience items and rounding' include the following for each scheme:

- SASS – an improvement due to fewer retrenchment exits than assumed, partially offset by higher than expected pension take up by eligible SASS members
- SANCS – an improvement due to fewer than assumed exits due to fewer retrenchments for SASS and SSS and fewer PSS Hurt on Duty exits
- SSS – fewer than assumed retrenchment exits offset by earlier than assumed retirements of SSS contributors
- PSS – an improvement due to fewer than assumed PSS Hurt on Duty exits, average Hurt on Duty pension lower than 100% of salary assumed.

**The SANCS 'other assumption changes' item includes the impact of adopting SSS and PSS demographic assumptions for their associated SANCS liabilities. This brings forward the timing of the assumed retirements and leads to increased liabilities. In the 2012 valuation, SASS demographic assumptions were adopted for all SANCS members.*

Valuation results by sector

The sector classification of the Pooled Fund employers is described in Chapter 3, Volume I of the *Actuarial Valuation Report* available on the State Super website.

The employer unfunded liabilities by sector are as follows:

Sector	Employer past service liabilities $ million (1)	Employer reserve $ million (2)	Employer unfunded liabilities $ million (1) – (2)
General Government	41,746.7	27,627.4	14,119.2
Universities	3,736.4	828.2	2,908.3
PTEs and others	3,407.4	3,308.8	98.6
Total	**48,890.5**	**31,764.4**	**17,126.1**

The asset coverage of past service liabilities by sector at 30 June 2015 and 30 June 2012 are:

Asset coverage of past service liabilities by Scheme				
Scheme	Employer past service liabilities		Total past service liabilities	
	At 30 June 2015	At 30 June 2012	At 30 June 2015	At 30 June 2012
General Government	66%	56%	72%	64%
Universities	22%	32%	27%	38%
PTEs and others	97%	86%	98%	89%
Total	**65%**	**57%**	**71%**	**65%**

Recommended contribution rates

General Government sector

The 2014-15 Budget Statement included the comment:

> The Government has made a commitment to fully fund all general government sector liabilities by 2030 … contributions are set to meet forecast benefit payments and to build sufficient assets over time to fully fund superannuation liabilities by 2030, in accordance with the *Fiscal Responsibility Act 2012*.

Non-Crown General Government sector employers are assumed to continue to contribute at recent levels of contributions as a percentage of members' salaries. The contributions for the Crown are determined to fully fund the General Government sector by 30 June 2030.

The current funding plan for the General Government sector is to determine the contributions which, when increased at 5% per annum, will fully fund the sector by 30 June 2030. This is a reasonable strategy. At the present time this funding strategy results in relatively stable contributions from year to year, but in the years close to 2030 there is the potential for significant variation in the contribution level unless the investment strategy has relatively low volatility.

Based on the current funding plan for the General Government Sector and projected position to 2030 the Scheme Actuary believes the current contribution plan can be maintained. However, given the current projections show a projected shortfall at 2030 of around $2 billion, the contribution schedule should continue to be reviewed annually and adjusted if required.

Universities

The Commonwealth and NSW Governments entered into a Memorandum of Understanding (MoU) in December 2014 to provide financial assistance for the unfunded superannuation liabilities of the NSW Universities.

Under the agreement the Commonwealth and NSW Governments have agreed to assist the universities with their unfunded superannuation liabilities through the provision of funds on a 78/22 per cent basis. The universities will continue to contribute at their current rate of 17% of salaries per annum and further additional contributions in respect of 'Excess salaries' as set out in the MoU.

The Commonwealth and NSW Governments will make payments to the Fund on a pay-as-you-go basis with the aim of maintaining a one-year asset buffer at all times to meet expected benefit payments.

Public Trading Enterprises and other employers

As a group, Public Trading Enterprises (PTEs) and other employers have a deficiency on the funding basis of $0.1 billion. Funding plans for each of these entities are reviewed annually. Recommended individual funding plans for each employer are set out in s. 9 Volume II.

It is further recommended that:

- those employers that are not State backed be identified;
- the relevant legislation be altered so that contribution levels for non-State backed employers be determined by the Trustee; that is, there is no involvement of NSW Treasury in setting the contributions.
- for non-State backed entities the contribution recommendations should be adjusted (where necessary) to at least the level required if the superannuation arrangements were regulated by APRA.

Key valuation assumptions

The key long-term economic assumptions for this valuation are as follows (2012 assumptions included for comparison):

		2015 valuation	2012 valuation
Rate of investment return / discount rate			
Assets supporting pensioner liabilities		7.8% p.a.	8.3% p.a.
Assets supporting non-pensioner liabilities		6.8% p.a.	7.3% p.a.
General salary increase assumption*	Short-term	4 years to 30 June 2019 3.0% p.a.	6 years to 30 June 2018 2.7% p.a. for SASS, SSS and SANCS, 3.5% p.a. for PSS
	Long-term	3.5% p.a.	4.0% p.a.
Rate of CPI increase		2.5% p.a.	2.5% p.a.

** Promotional salary increases are additional to the general salary increases assumed.*

The reductions in the assumed rates of investment return and salary increases in the 2015 valuation reflect a lower growth outlook based on current economic conditions.

The assumed rate of CPI increase has been kept as the mid-point of the Reserve Bank of Australia's target range.

The key demographic assumption changes for this valuation are:

- continued improvements (i.e. reduction) in pensioner mortality rates are incorporated into the assumptions
- retrenchment assumptions have been revised after consultation with NSW Treasury
- an increase in the assumed pension take up rate from 28% in 2012 to 50% in 2015 for eligible SASS members in line with scheme experience
- increases to the assumed rates of preservation on resignation for SASS members in line with scheme experience
- adjustments to the PSS Hurt on Duty assumptions and SASS Police members' assumed rates of disability in line with experience.

A detailed report on the analysis of the Pooled Fund demographic experience and the full 2015 demographic assumptions are included in Volume II of the *Actuarial Valuation Report* available on the State Super website.

Sensitivity results

Sensitivity runs were carried out, and the results are set out in the following tables:

Basis	Employer Past Service Liabilities $ million SASS	SANCS	SSS	PSS	Total	Change in past service liabilities
Standard	7,562.9	1,990.9	32,386.1	6,950.6	48,890.5	
Investment return / Discount rate plus 1%	7,058.2	1,891.3	29,338.5	6,185.4	44,473.5	-4,417.0
Investment return / Discount rate minus 1%	8,139.2	2,101.3	36,005.7	7,882.8	54,129.0	5,238.4
Salary increases plus 1%	7,970.5	2,101.5	32,496.2	7,011.2	49,579.5	689.0
Salary increases minus 1%	7,190.1	1,889.4	32,281.9	6,893.1	48,254.6	-636.0
CPI increases plus 1%	7,733.1	1,990.8	36,101.9	7,862.1	53,687.8	4,797.3
CPI increases minus 1%	7,415.3	1,991.2	29,208.6	6,189.8	44,804.8	-4,085.7
Higher pensioner mortality*	7,549.1	1,990.9	32,164.4	6,900.5	48,604.9	-285.7
Lower pensioner mortality**	7,584.2	1,990.9	32,656.1	7,035.3	49,266.4	375.8

** Assumes the long-term pensioner mortality improvement factors for years post 2021 also apply for years 2015 to 2021.*

*** Assumes the short-term pensioner mortality improvement factors for years 2015-2021 also apply for years post 2021.*

The sensitivity results above show that:

- the investment return/discount rate assumption has the most impact on the funding position of the Pooled Fund
- for SASS and SANCS, the rate of salary increase also has a material impact.

For SSS and PSS, the rate of increase in CPI has a major impact because of the pension benefit design of these two schemes. The rate of salary increase has much less impact because of the maturity of the contributory membership. In respect of pensioner mortality, extending the higher level improvements indefinitely increased the unfunded liability by less than 1%. Therefore, the impact of pensioner mortality assumptions has much less impact compared to the impact of the financial assumptions.

Summary of membership

The number of members by member type for each scheme at 30 June 2015 is as follows:

Scheme	At 30 June 2015			
	Contributing members	Deferred members	Pension members	Total
SASS	28,552	10,354	4,167	43,073
SANCS	36,933^	11,763	–	48,696
SSS	7,113	1,551#	53,498*#	62,162
PSS	1,275	114	6,555	7,944
Total	**73,873**	**23,782**	**64,220**	**161,875**

For comparison, the number of members by member type for each scheme at 30 June 2012 is as follows:

Scheme	At 30 June 2012			
	Contributing members	Deferred members	Pension members	Total
SASS	38,004	10,530	3,888	52,422
SANCS	53,064^	12,479	-	65,543
SSS	13,405	2,302#	49,068*#	64,775
PSS	1,666	133	6,522	8,321
Total	106,139	25,444	59,478	191,061

^ All SASS, SSS and PSS contributors are also members of SANCS (with the exception of Sydney Grammar). There are no SANCS contributory members who are not members of SASS, SSS or PSS. Nearly all of the SANCS deferred members are also deferred members of SASS, SSS or PSS. Thus there is some double-counting in the totals.

** Exclude fully commuted pensioners who are not currently in receipt of a pension payment. There were 17,652 fully commuted pensioners at 30 June 2012 and 17,277 at 30 June 2015. The spouses of these fully commuted pensioner are eligible for a reversionary pension and the past service liabilities for SSS include a liability provision for these spouse reversions.*

 # SSS deferred members who have not met a SIS condition of release but who are currently receiving pension payments into their deferred benefit accounts within the Pooled Fund are treated as current pensioners for the purposes of actuarial investigations. These members are excluded from the SSS deferred member counts and included in pensioner member counts above. There were 496 such SSS members at 30 June 2015 and 447 at 30 June 2012.

Richard Boyfield
Fellow of the Institute of Actuaries of Australia

Christopher Brown
Fellow of the Institute of Actuaries of Australia

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Part G

Financial statements of the SAS Trustee Corporation

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of SAS Trustee Corporation (the Trustee), which comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, of the Trustee and the consolidated entity. The consolidated entity comprises the Trustee and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trustee and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Trustee and the consolidated entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board must assess the ability of the Trustee and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Trustee or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

Margaret Crawford
Auditor-General of New South Wales

29 September 2016
SYDNEY

SAS TRUSTEE CORPORATION

ABN 29 239 066 746

Statement by Members of the Trustee Board
for the year ended 30 June 2016

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we declare on behalf of the Board that in our opinion:

1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation as at 30 June 2016 and transactions for the year then ended, and

2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015, the Treasurer's Directions and applicable Accounting Standards in Australia.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 28th day of September 2016.

Nicholas Johnson
Chairperson
SAS Trustee Corporation

George Venardos
Board Member and Chairperson of the Risk, Audit and Compliance Committee
SAS Trustee Corporation

1

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2016

	Note	**Economic Entity 2016 $'000**	Economic Entity 2015 $'000	**Statutory Corporation 2016 $'000**	Statutory Corporation 2015 $'000
Continuing Operations					
Operating Revenue	3	**48,885**	51,367	**46,826**	46,460
Crown Contribution for Amalgamation Project	15	**432**	6,074	**432**	6,074
Total Revenue		**49,317**	57,441	**47,258**	52,534
Operating Expenses	3	**(47,483)**	(51,308)	**(46,826)**	(46,460)
Amalgamation Project Expenses	15	**(432)**	(6,074)	**(432)**	(6,074)
Total Expenses		**(47,915)**	(57,382)	**(47,258)**	(52,534)
Operating Result		**1,402**	59	**-**	-
Other Comprehensive Income					
Items that will not be reclassified into Operating Result:					
Superannuation actuarial remeasurement gains/(losses)	10	**(1,402)**	(59)	**-**	-
Total Comprehensive Income		**-**	-	**-**	-

The accompanying notes form an integral part of the above Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position
as at 30 June 2016

	Note	Economic Entity 2016 $'000	Economic Entity 2015 $'000	Statutory Corporation 2016 $'000	Statutory Corporation 2015 $'000
Current Assets					
Cash and Cash Equivalents	12(a)	**2,071**	2,505	**2,071**	2,505
Receivables	4	**9,804**	7,382	**9,565**	7,080
Other Current Assets		**77**	319	**77**	319
Total Current Assets		**11,952**	10,206	**11,713**	9,904
Total Assets		**11,952**	10,206	**11,713**	9,904
Current Liabilities					
Payables	5	**6,648**	6,465	**11,713**	9,904
Provisions	6	**5,107**	3,636	**-**	-
Total Current Liabilities		**11,755**	10,101	**11,713**	9,904
Non-Current Liabilities					
Provisions	6	**197**	105	**-**	-
Total Non-current Liabilities		**197**	105	**-**	-
Total Liabilities		**11,952**	10,206	**11,713**	9,904
Net Assets		**-**	-	**-**	-
Accumulated Funds		**-**	-	**-**	-

The accompanying notes form an integral part of the above Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows
for the year ended 30 June 2016

	Note	Economic Entity 2016 $'000	Economic Entity 2015 $'000	Statutory Corporation 2016 $'000	Statutory Corporation 2015 $'000
Cash Flows from Operating Activities					
Receipts from Pooled Fund Schemes		**46,024**	58,038	**43,964**	53,131
Interest Received		**42**	44	**42**	44
Payments to Suppliers and Employees		**(46,500)**	(56,598)	**(44,440)**	(51,691)
Net Operating Cash Flows	12(b)	**(434)**	1,484	**(434)**	1,484
Net Increase/(Decrease) in Cash & Cash Equivalents		**(434)**	1,484	**(434)**	1,484
Cash & Cash Equivalents at the Beginning of the Financial Year		**2,505**	1,021	**2,505**	1,021
Cash & Cash Equivalents at the End of the Financial Year	12(a)	**2,071**	2,505	**2,071**	2,505

The accompanying notes form an integral part of the above Consolidated Statement of Cash Flows

Consolidated Statement of Changes in Equity
for the year ended 30 June 2016

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	**Statutory Corporation 2016 $'000**	Statutory Corporation 2015 $'000
Balance at 1 July	-	-	-	-
Operating Result	**1,402**	59	-	-
Other Comprehensive Income				
Superannuation remeasurement actuarial gains/(losses)	**(1,402)**	(59)	-	-
Total Comprehensive Income	-	-	-	-
Balance at 30 June	-	-	-	-

The accompanying notes form an integral part of the above Consolidated Statement of Changes in Equity

Notes to the financial statements
for the year ended 30 June 2016

1. OPERATIONS

Under the terms of the *Superannuation Administration Act 1996* (the Act), the SAS Trustee Corporation (STC) holds in trust all assets of the SAS Trustee Corporation Pooled Fund ("the Pooled Fund"). STC is economically dependent on the Pooled Fund. STC is, for the purpose of any Acts, a statutory body. It is domiciled in NSW Australia. Its registered address is Level 16, 83 Clarence Street, Sydney, NSW, 2000.

Scheme administration services for the Pooled Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). Pillar charges fees for the services it provides. Investment custodial activities for the Pooled Fund are performed by JPMorgan Chase Bank NA. NSW Treasury Corporation (TCorp) is the Master Investment Manager for the Defined Benefit component of the Pooled Fund. TCorp's services include recommending managers, conducting due diligence and fund administration activities.

The Pooled Fund is a separate reporting entity for accounting and taxation purposes.

The Economic Entity comprises –
- The SAS Trustee Corporation Staff Agency ("the STC Staff Agency") , as the controlled entity, and
- STC as the parent entity of the STC Staff Agency (referred to as the "Statutory Corporation" in the above statements).

The STC Staff Agency provides personnel services to STC and also the Pooled Fund. As it is a controlled entity of STC the STC Economic Entity includes all transactions of the STC Staff Agency, including those transactions which were not with STC. The principles of consolidation for STC and STC Staff Agency are described at note 2(b) below.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance and Basis of Preparation

The financial statements are general purpose financial statements and are prepared in accordance with –
- the *Public Finance and Audit Act 1983*
- the Public Finance and Audit Regulation 2015
- the Treasurer's Directions
- applicable Australian Accounting Standards including Australian Accounting Interpretations.

Both the Economic Entity and the Statutory Corporation are not-for-profit entities.

The financial statements have been prepared on an historical cost basis using the accrual method of accounting and do not reflect the changing value of assets other than superannuation balances which are remeasured in accordance with the requirements of AASB 119 *Employee Benefits*. Interest and fee income are accounted for on an accrual basis.

The accounting policies adopted in preparing the financial statements have been consistently applied during the year, unless otherwise stated. All amounts are expressed in Australian dollars.

The financial statements were authorised for issue by the Trustee Board on 28th September 2016.

Notes to the financial statements
for the year ended 30 June 2016

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

a) Statement of Compliance and Basis of Preparation (Continued)

The accounting policies adopted in preparing the financial statements are consistently applied, including considering new or amended accounting standards which became operational on 1 July 2015.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Statutory Corporation and its controlled entity, the STC Staff Agency, as at 30 June 2016 and the results of the Statutory Corporation and its controlled entity for the year then ended.

The Statutory Corporation and its controlled entity are referred to in these financial statements as the "Economic Entity". The effects of all transactions within the Economic Entity are eliminated in full. There are no outside equity interests.

The STC Staff Agency also prepares separate financial statements. These financial statements are audited by the Auditor-General of NSW.

c) Roundings

All values reported in the financial statements have been rounded to the nearest thousand dollars, except where otherwise stated.

d) Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities. The instruments include cash at bank, receivables and payables. All classes of instruments are initially recorded at cost and with receivables and payables being subsequently carried at amortised cost. As such, inputs for valuing the receivables and payables are not based on observable market data. Such measurement provides a reliable estimate of the instrument. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

e) New accounting standards and interpretations

AASB 2015-3 *Amendments to Australian Accounting Standards* –
The standard was implemented for the year ended 30 June 2016 with the purpose of removing Australian guidance on materiality from Australian Accounting Standards. There was no material change to these financial statements.

AASB 2015–2 *Amendments to Australian Accounting Standards* –
These standard amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the final statements. These amendments first apply for the year ending 30 June 2017. No material changes to these financial statements are expected.

Notes to the financial statements
for the year ended 30 June 2016

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

f) Accounting standards issued applicable but not yet effective

At the date of authorisation of these financial statements the following accounting standards which are expected to be relevant were issued but not yet effective. The impact of these standards and interpretations has been assessed and to the extent applicable are outlined below. Only relevant Standards and Interpretations have been included.

AASB 9 *Financial Instruments* –
The standard will be implemented for the year ended 30 June 2019. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also changes made in relation to financial liabilities. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 Part E. No material changes to these financial statements are expected.

AASB 2015–6 *Amendments to Australian Accounting Standards* –
Extending Related Party Disclosures to Not-for-profit Public Sector Entities –
These amendments extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. The amendment first applies for the year ending 30 June 2017. No material change to these financial statements is expected.

IFRS 16 *Leases* –
These new standards will change the way lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months. The new standard first applies for the year ending 30 June 2019. No material change to these financial statements is expected.

g) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes.

h) Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future.

Notes to the financial statements
for the year ended 30 June 2016

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

i) Materiality

Omissions or misstatements are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of these financial statements. Materiality depends on the size and nature of any omission or misstatement judged in the surrounding circumstances. The size and nature of the item, or a combination of both, could be the determining factor. To this end, the Trustee's general position is that all amounts and disclosures in these financial statements agree to the underlying source information. As stated at Note 2(h) some amounts contain judgements and estimates. In all cases the judgement or estimate has been confirmed to the best available information to ensure these financial statements present fairly all the information disclosed.

Notes to the financial statements
for the year ended 30 June 2016

3. OPERATING RESULT

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	Statutory Corporation 2016 $'000	Statutory Corporation 2015 $'000
The result includes the following items of revenue and expense:				
Management Fees	**48,557**	51,072	**46,498**	46,165
Interest Income	**42**	44	**42**	44
Other Income	**286**	251	**286**	251
Total Revenue	**48,885**	51,367	**46,826**	46,460
Trustee Expenses				
Board Member Fees	**531**	489	**531**	489
Other Administration Expenses	**88**	87	**88**	87
Total Trustee Expenses	**619**	576	**619**	576
Executive Expenses				
Employee Related Expenses	**8,599**	10,318	**-**	-
Superannuation	**770**	902	**-**	-
Personnel Services Expenses	**-**	-	**8,712**	6,372
Accommodation	**933**	927	**933**	927
Other Administration Expenses	**1,627**	2,343	**1,627**	2,343
Total Executive Expenses	**11,929**	14,490	**11,272**	9,642
Fund Expenses				
Regulatory, Governance & Process Improvement Initiatives	**6,190**	-	**6,190**	-
Fees for Services	**3,795**	4,671	**3,795**	4,671
Other Administration Expenses	**667**	5,356	**667**	5,356
Pillar Administration Fees	**24,283**	26,215	**24,283**	26,215
Total Fund Expenses	**34,935**	36,242	**34,935**	36,242
Total Operating Expenses	**47,483**	51,308	**46,826**	46,460
Result	**1,402**	59	**-**	-

Contained within other Administration Expenses are fees paid to consultants of $NIL (2015: $387,966) and audit fees of $24,200 (2015: $23,815) for the Statutory Corporation and for the STC Staff Agency (for both entities, audit of the financial statements and no other services).

All costs relating to the scheme administration and executive management of the Pooled Fund are incurred by the Statutory Corporation and comprise the direct expenses of the Statutory Corporation and administration fees from Pillar. Under the terms of the Act, the Statutory Corporation must recover the costs it incurs from the Pooled Fund. Consequently it recognises an amount equal to the costs incurred at the time the services are delivered.

Notes to the financial statements
for the year ended 30 June 2016

3. OPERATING RESULT (Continued)

Lease payments made during the year comprised –

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	Statutory Corporation 2016 $'000	Statutory Corporation 2015 $'000
Minimum lease payments	910	877	910	877
Contingent rentals	-	-	-	-
	910	877	910	877

The Statutory Corporation uses an operating lease to provide its office space. The lease includes contingent rentals and renewal options and these have been included to the extent the amounts are calculable. Lease expenses are recognised on a straight line basis over the lease term, including incentives and contingent rentals.

4. RECEIVABLES

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	Statutory Corporation 2016 $'000	Statutory Corporation 2015 $'000
Current				
Amounts Receivable – Pooled Fund	8,648	6,135	8,648	6,135
Other Receivables	917	945	917	945
Superannuation (refer Note 10)				
SASS	24	82	-	-
SANCS	215	220	-	-
	9,804	7,382	9,565	7,080

5. PAYABLES

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	Statutory Corporation 2016 $'000	Statutory Corporation 2015 $'000
Current				
Amount Payable – Pillar (Administration Fees)	2,018	2,244	2,018	2,244
Other Payables	4,630	4,221	4,630	4,221
Amounts Payable – STC Staff Agency		-	5,065	3,439
	6,648	6,465	11,713	9,904

All payables are within agreed trading terms.

Notes to the financial statements
for the year ended 30 June 2016

6. PROVISIONS

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	**Statutory Corporation 2016 $'000**	Statutory Corporation 2015 $'000
Current				
Employee Benefits	**1,383**	1,350	-	-
Superannuation (refer Note 10)				
SSS	**3,724**	2,286	-	-
	5,107	3,636	-	-
Non-current				
Employee Benefits	**197**	105	-	-
	197	105	-	-

Employee Benefits

Wages, salaries and annual leave

The provision for employee benefits relating to wages, salaries and annual leave represents the amount which the Economic Entity has a present obligation to pay resulting from employees' services provided up to the balance date. These provisions are expected to be settled within 12 months and are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Such measurement provides a reliable estimate of the liability. All amounts include the salary of STC's Chief Executive Officer, whose contract is direct with STC.

Long service leave

The liability for employee benefits relating to long service leave is measured at their discounted value using the risk free rate mandated by NSW Treasury. Such measurement provides a reliable estimate of the liability.

Superannuation

Any unfunded superannuation liability is recognised as a liability in the Statement of Financial Position and amounts representing pre-paid superannuation contributions are recognised as an asset. For the year ended 30 June 2016, the Economic Entity met in full the total superannuation liabilities for its employees. The contributions made to superannuation funds are charged against the operating result. Any actuarial gains and losses are recognised in comprehensive income in the year in which the gain or loss occurs.

7. FAIR VALUE

Unless subject to specific measurement requirements of relevant Accounting Standards, all assets and liabilities are measured and reported at fair value. All such receivables are short term and are expected to be settled at the value reported. No payables are past due and all are expected to be settled at the value reported.

Notes to the financial statements
for the year ended 30 June 2016

8. FINANCIAL RISKS

Market Risk

Market risk is the risk that changes in factors such as interest rates will affect revenue or the value of financial instruments. Market risk is accepted on financial instruments. As STC's governing legislation requires it to recover all its costs from the Pooled Fund, a change in market prices will have no effect on STC's result or net assets.

Credit Risk

Credit (or counterparty) risk is the risk that a counter party will fail to perform contractual obligations to a financial instrument and cause STC to experience a financial loss. In respect of STC's cash holdings, all are lodged with one of Australia's largest trading banks. In respect of STC's receivables, its only counterparty is the Pooled Fund. The Pooled Fund is obliged by its governing legislation to fund STC. STC is exposed to minimal credit risk. STC's maximum credit risk exposure is the balance of the cash and receivables.

Liquidity Risk

Liquidity risk is the risk that financial obligations cannot be met as they fall due. As noted under the section *Credit Risk* above, the Pooled Fund is obliged by its governing legislation to fund STC. STC recovers its costs monthly from the Pooled Fund. Consequently STC is exposed to negligible liquidity risk.

Notes to the financial statements
for the year ended 30 June 2016

9. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the STC Economic Entity and STC Statutory Corporation during the year and the comparative period.

Non-executive Trustees
Ms C Bolger (term commenced 25 September 2015)
Mr M Carapiet (term completed 31 March 2015)
Mr A Claassens
Ms S Constant (term commenced 26 August 2015 – term completed 24 November 2015)
Ms S Dave (term commenced 24 May 2016)
Mr N Johnson (term commenced 26 June 2015)
Mr M Lambert (term completed 16 June 2015)
Mr G Maniatis (term commenced 25 September 2015)
Ms K Moses (term completed 19 March 2016 – term recommenced 31 March 2016)
Mr T O'Grady
Ms R Ramwell (term commenced 26 June 2015)
Mr P Scully (term completed 9 August 2015)
Mr G Venardos
Ms S Walsh (term completed 24 March 2015)

Executive Officers
Ms L Buck (until 15 June 2015)
Mr K Dent (until 11 July 2014)
Ms B Lawn (until 17 April 2015)
Mr J Livanas
Ms A Lowe
Mr P Laity (until 15 June 2015)
Mr J Murray (until 15 June 2015)
Mr J Narayan (from 6 October 2015)
Mr M O'Brien (until 15 June 2015)
Ms L Rasmussen
Ms A Samuel
Ms N Siratkov
Ms L Tsitsis
Ms N Wooden (until 22 May 2015)

The key management personnel compensation in relation to services to STC is as follows –

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	**Statutory Corporation 2016 $'000**	Statutory Corporation 2015 $'000
Short-term employee benefits	**3,463**	4,429	-	-
Post-employment benefits	-	-	-	-
Other long term employee benefits	**36**	31	-	-
	3,499	4,460	-	-

Notes to the financial statements
for the year ended 30 June 2016

9. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

Remuneration is shown in bands –

The number of executive officers are shown below in their relevant income bands:

Base compensation (including superannuation contributions, termination payments and bonuses) of:	**Economic Entity 2016**	Economic Entity 2015	**Statutory Corporation 2016**	Statutory Corporation 2015
\$0 - \$9,999	-	1	-	-
\$50,000 - \$59,999	-	1	-	-
\$150,000 - \$159,999	-	1	-	-
\$210,000 - \$219,999	1	-	-	-
\$240,000 - \$249,999	-	1	-	-
\$260,000 - \$269,999	1	2	-	-
\$270,000 - \$279,999	-	1	-	-
\$280,000 - \$289,999	1	1	-	-
\$330,000 - \$339,999	-	1	-	-
\$340,000 - \$349,999	-	1	-	-
\$390,000 - \$399,999	1	-	-	-
\$400,000 - \$409,999	-	1	-	-
\$490,000 - \$499,999(1)	1	-	-	-
\$510,000 - \$519,999	-	1	-	-
\$620,000 - \$629,999(1)	1	-	-	-
\$680,000 - \$689,999(1)	1	-	-	-
\$740,000 - \$749,999	-	1	-	-
	7	13	-	-

(1) In 2016 the Board determined that total performance and retention bonuses of \$368,940 (2015 \$585,325) were payable as shown in the bands above.

Notes to the financial statements
for the year ended 30 June 2016

9. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

The number of Board members are shown below in their relevant income bands:

	Economic Entity 2016	Economic Entity 2015	**Statutory Corporation 2016**	Statutory Corporation 2015
Base compensation (including superannuation contributions) of:				
$0 - $39,999	**3**	3	**3**	3
$40,000 - $49,999	**1**	2	**1**	2
$60,000 - $69,999	**3**	1	**3**	1
$70,000 - $79,999	**-**	3	**-**	3
$80,000 - $89,999	**-**	1	**-**	1
$90,000 - $99,999	**1**	-	**1**	-
$100,000 - $109,999	**1**	-	**1**	-
	9	10	**9**	10

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION

The Economic Entity participates in the following closed defined benefit superannuation schemes for some of its staff –

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The schemes are all defined benefit schemes because as least a component of the final benefit is derived from a multiple of member salary and years of scheme membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. All the schemes are closed to new members.

Description of the schemes' regulatory framework
The schemes in the Pooled Fund are established and governed by the following NSW legislation and their associated regulations –

- *Superannuation Act 1916*
- *State Authorities Superannuation Act 1987*
- *State Authorities Non-Contributory Superannuation Scheme Act 1987.*

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Statutory Corporation's (in its capacity as Trustee Board) adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The results of the next actuarial investigation will be available by December 2018.

Description of other entities' responsibilities for the governance of the Fund
The Statutory Corporation (in its capacity as Trustee Board) is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Statutory Corporation (in its capacity as Trustee Board) has the following roles –

- administration of the Fund and payment to the beneficiaries from Fund assets when required in accordance with the Fund rules;
- management and investment of the Fund assets; and
- compliance with other applicable regulations.

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Description of risks

There are a number of risks to which the Fund exposes the Statutory Corporation as a participating employer. The more significant risks relating to the defined benefits are –

- investment risk - The risk that investment returns will be lower than assumed and the participating employer will need to increase contributions to offset this shortfall
- longevity risk – The risk that pensioners live longer than assumed, increasing future pensions
- salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional contributions from the participating employer
- legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

The following information has been prepared by the Scheme actuary.

Reconciliation of the Net Defined Benefit Liability/(Asset)

Economic Entity

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Net Defined Benefit Liability/(Asset) at start of year	(82)	(220)	2,286
Current service cost	33	6	-
Net interest on the net defined benefit liability/(asset)	(2)	(7)	69
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(2)	-	(5)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	317
Actuarial (gains)/losses arising from changes in financial assumptions	32	7	1,028
Actuarial (gains)/losses arising from liability experience	(3)	(1)	29
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(24)	(215)	3,724

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Reconciliation of the Net Defined Benefit Liability/(Asset) (Continued)

Economic Entity

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Net Defined Benefit Liability/(Asset) at start of year	(75)	(187)	2,085
Current service cost	31	5	-
Net interest on the net defined benefit liability/(asset)	(3)	(7)	74
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(71)	(23)	(389)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	15	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(82)	(220)	2,286

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets

Economic Entity

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Fair value of fund assets at beginning of the year	**1,001**	**317**	**5,188**
Interest income	**29**	**10**	**152**
Actual return on Fund assets less interest income	**2**	**1**	**5**
Employer contributions	-	-	-
Contributions by participants	**15**	-	-
Benefits paid	**(7)**	-	**(372)**
Taxes, premiums and expenses paid	**(1)**	**(1)**	**27**
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Fair value of fund assets at end of the year	**1,039**	**327**	**5,000**

Economic Entity

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Fair value of fund assets at beginning of the year	887	277	4,939
Interest income	30	10	171
Actual return on Fund assets less interest income	71	23	389
Employer contributions	-	-	-
Contributions by participants	14	-	-
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Fair value of fund assets at end of the year	1,001	317	5,188

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation

Economic Entity

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Present value of defined benefit obligation at beginning of the year	920	97	7,474
Current service cost	33	6	-
Interest cost	27	3	221
Contributions by participants	15	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	316
Actuarial (gains)/losses arising from changes in financial assumptions	32	7	1,028
Actuarial (gains)/losses arising from liability experience	(4)	-	29
Benefits paid	(7)	-	(371)
Taxes, premiums and expenses paid	(1)	(1)	27
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	1,015	112	8,724

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation (Continued)

Economic Entity

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Present value of defined benefit obligation at beginning of the year	811	90	7,024
Current service cost	31	5	-
Interest cost	28	3	245
Contributions by participants	14	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	16	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	920	97	7,474

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Reconciliation for the effect of the asset ceiling

Economic Entity

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

Economic Entity

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Fair value of Fund assets

All of the Fund's assets are invested by the Statutory Corporation (in its capacity as Trustee Board) at arm's length through independent fund managers and assets are not separately invested for each participating employer. As such, the following disclosures relate to the Pooled Fund's total assets.

2016

Asset category	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Short term securities	2,050.4	2,044.4	6.0	-
Australian fixed interest	2,720.5	2.7	2,717.8	-
International fixed interest	834.4	(1.3)	835.7	-
Australian equities	9,720.9	9,171.8	549.1	-
International equities	12,093.7	9,026.2	2,078.8	988.7
Property	3,650.3	1,113.3	618.9	1,918.1
Alternatives	7,115.9	470.1	3,122.2	3,523.6
Total	38,186.1	21,827.2	9,928.5	6,430.4

2015

Asset category	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Short term securities	2,641.5	2,443.7	197.8	-
Australian fixed interest	2,655.7	30.9	2,624.8	-
International fixed interest	1,003.9	(0.1)	1,004.0	-
Australian equities	10,407.0	9,961.4	445.5	0.1
International equities	13,010.9	9,963.0	2,040.2	1,007.7
Property	3,317.6	948.2	715.6	1,653.8
Alternatives	7,170.2	622.1	2,266.9	4,281.2
Total	40,206.8	23,969.2	9,294.8	6,942.8

Note –

- Level 1 refers to assets and liabilities for which there are quoted prices in active markets for identical assets and liabilities. The assets in this level are listed shares; listed unit trusts.
- Level 2 refers to assets and liabilities that have significant valuation inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets and liabilities in this level are notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
- Level 3 refers to assets and liabilities that are not based on observable market data. The assets and liabilities in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

The percentage of fund assets invested in each asset class at 30 June 2016

	2016	2015
Short term securities	**5%**	6%
Australian fixed interest	**7%**	7%
Overseas fixed interest	**2%**	2%
Australian equities	**25%**	26%
International equities	**32%**	32%
Property	**10%**	9%
Alternatives	**19%**	18%
	100%	100%

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

The Fund does not hold any financial instruments issued by STC.

Significant actuarial assumptions as at 30 June 2016

	2016	2015
Discount rate	**1.99%**	3.03%
Salary increase rate (excluding promotional increases)	**2.50%**	2.50%
Rate of CPI increase	**1.50%**	2.50%
Pensioner mortality	as per the 2015 Actuarial Investigation of the Pooled Fund	as per the 2012 Actuarial Investigation of the Pooled Fund

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Sensitivity analysis

The total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. Scenarios A to F relate to the sensitivity of the total defined benefit obligation to economic assumptions. Scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% Discount rate	Scenario B +1.0% Discount rate
Discount rate	1.99%	0.99%	2.99%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	1.50%	1.50%	1.50%
Defined benefit obligation ($'000)	9,850.9	11,348.4	8,627.6

	Base Case	Scenario C +0.5% Rate of CPI increase	Scenario D -0.5% Rate of CPI increase
Discount rate	1.99%	1.99%	1.99%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	1.50%	2.00%	1.00%
Defined benefit obligation ($'000)	9,850.9	10,547.2	9,216.6

	Base Case	Scenario E +0.5% Salary increase rate	Scenario F -0.5% Salary increase rate
Discount rate	1.99%	1.99%	1.99%
Salary increase rate	2.50%	3.00%	2.00%
Rate of CPI increase	1.50%	1.50%	1.50%
Defined benefit obligation ($'000)	9,850.9	9,870.0	9,832.3

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Sensitivity analysis (Continued)

	Base Case	Scenario G -5.0% Pensioner mortality rates	Scenario H +5.0% Pensioner mortality rates
Defined benefit obligation ($'000)	**9,850.9**	**9,724.4**	**10,034.3**

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies

The Statutory Corporation, in its capacity as trustee of the Fund, ensures it maintains an appropriate asset strategy to pay benefits as the benefits fall due.

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. The next triennial review will take place at the end of 2018. Contribution rates are set after discussion between the Statutory Corporation in its capacity as trustee of the Schemes and NSW Treasury. The Statutory Corporation in its capacity of trustee of the schemes reviews funding positions annually and contributions may be adjusted in response to the review.

Surplus/deficit

The following is a summary of the 30 June financial position of the schemes calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans.*

Economic Entity

30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Accrued benefits	**919.3**	**120.9**	**4,334.3**
Net market value of fund assets	**(1,038.7)**	**(326.5)**	**(5,000.4)**
Net (surplus)/deficit	**(119.4)**	**(205.6)**	**(666.1)**

Economic Entity

30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Accrued benefits	847.0	109.4	4,064.4
Net market value of fund assets	(1,001.3)	(317.5)	(5,187.7)
Net (surplus)/deficit	(154.3)	(208.1)	(1,123.3)

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates

Economic Entity

As at 30 June 2016	**SASS**	**SANCS**	**SSS**
	Multiple of member contributions	**% member salaries**	**Multiple of member contributions**
	-	-	-

Economic Entity

As at 30 June 2015	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

Notes to the financial statements
for the year ended 30 June 2016

10. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions

Weighted average assumptions –

	2015 and following
Expected rate of return on fund assets backing current pension liabilities	7.8%
Expected rate of return on fund assets backing other liabilities	6.8%
Expected salary increase rate	3.0% to 30 June 2019 then 3.5% pa thereafter
Expected rate of CPI increase	2.5%

Funding arrangements for employer contributions – Nature of asset/liability.

If a surplus exists in the Economic Entity's interest in the fund, the Economic Entity may be able to take advantage of it in the form of a reduction in required contribution rate. The Statutory Corporation in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction. If a deficiency exists the Economic Entity is responsible for any difference between its share of scheme assets and the defined benefit obligation.

Expected contributions

Economic Entity

Year ended 30 June 2016	**SASS**	**SANCS**	**SSS**
Expected Employer Contributions	-	-	-

Economic Entity

Year ended 30 June 2015	SASS	SANCS	SSS
Expected Employer Contributions	-	-	-

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.1 years.

Notes to the financial statements
for the year ended 30 June 2016

11. RELATED PARTY INFORMATION

a) Transactions entered into during the year with Key Management Personnel and their Related Entities:

	2016 $'000	2015 $'000
Fees paid to the Statutory Corporation or relevant Trustee Board Member by State Super Financial Services Australia Limited (SSFSAL), a company in which Mr M Carapiet, Mr A Claassens, Mr M Lambert, Mr T O'Grady, Mr P Scully, Mr G Venardos and Ms S Walsh are/were directors, on commercial terms and conditions.	**226**	**323**
Rental payments and outgoings received by the Pooled Fund from SSFSAL on commercial terms and conditions.	**2,750**	**2,640**

12. CASH FLOW INFORMATION

a) Reconciliation of Cash

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	**Statutory Corporation 2016 $'000**	Statutory Corporation 2015 $'000
Cash and Cash Equivalents	**2,071**	2,505	**2,071**	2,505

Cash flows reflect cash movements resulting from transactions with suppliers and employees including Pillar and the Pooled Fund. Under current funding arrangements all cash payments to external parties on behalf of Economic Entity are recovered from the Pooled Fund. The exception is other investment costs incurred on behalf of the Pooled Fund which are transacted through the Statutory Corporation's bank account and recovered from the Pooled Fund. Investment management and custody fees are disbursed directly by the Custodian from the Fund's pool of assets. All transactions of the STC Staff Agency are conducted through the Statutory Corporation's bank account.

Notes to the financial statements
for the year ended 30 June 2016

12. CASH FLOW INFORMATION (Continued)

b) Reconciliation of Comprehensive Income to Net Cash Used in Operating Activities

	Economic Entity 2016 $'000 Inflows/ (Outflows)	Economic Entity 2015 $'000 Inflows/ (Outflows)	**Statutory Corporation 2016 $'000 Inflows/ (Outflows)**	Statutory Corporation 2015 $'000 Inflows/ (Outflows)
Comprehensive Income	-	-	-	-
Changes in Assets and Liabilities:				
(Increase)/Decrease in Assets				
Other Current Assets	**242**	196	**242**	196
Receivables -				
Pooled Fund Schemes	**(2,513)**	641	**(2,513)**	641
Other	**78**	(243)	**15**	(203)
Increase/(Decrease) in Liabilities				
Payables -				
Pillar	**(225)**	167	**(225)**	167
Other	**421**	278	**2,047**	683
Provisions	**1,563**	445	-	-
Net Cash From/(Used) in Operating Activities	**(434)**	1,484	**(434)**	1,484

Notes to the financial statements
for the year ended 30 June 2016

13. COMMITMENTS FOR EXPENDITURE

	Economic Entity 2016 $'000	Economic Entity 2015 $'000	Statutory Corporation 2016 $'000	Statutory Corporation 2015 $'000
Lease Commitments				
Commitments in relation to non-cancellable operating leases contracted for at balance date but not provided for in the accounts, including goods and services tax:				
Payable not later than 1 year	**956**	921	**956**	921
Payable later than 1 year and not later than 5 years	**2,377**	3,340	**2,377**	3,340
Payable greater than 5 years	**-**	-	**-**	-
	3,333	4,261	**3,333**	4,261
Administration Expenses				
Commitments in relation to fixed administration fees for the Pooled Fund payable to Pillar included in the services contract but not provided for in the accounts, including goods and services tax:				
Payable not later than 1 year	**5,565**	5,400	**5,565**	5,400
Payable later than 1 year and not later than 5 years	**11,130**	16,200	**11,130**	16,200
	16,695	21,600	**16,695**	21,600

The terms of the contract allow for the fixed costs to be adjusted annually in line with an index stated in the contract. The administration expenses noted above qualify for a reduced input tax credit of 75% of the goods and services tax included therein.

14. CONTINGENT LIABILITIES

Broadly, two classes of contingent liabilities potentially exist in relation to either the Trustee in its capacity as Trustee of the Pooled Fund, or the Fund itself:

(i) Legal costs and additional benefit amounts in relation to member benefit entitlement disputes, notified, but not resolved.
(ii) Legal costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases it is impractical to estimate the financial effect or the amount of any possible recovery from third parties relating to these contingent liabilities. The Trustee is indemnified out of the assets of the Fund.

Notes to the financial statements
for the year ended 30 June 2016

15. THE NSW GOVERNMENT AMALGAMATION PROJECT

In March 2014, the NSW Government announced its intent to amalgamate the funds management activities of the State's financial assets within NSW Treasury Corporation (TCorp). This relates to the defined Benefit (DB) assets within the Pooled Fund.

The Board of STC, resolved to appoint TCorp as an outsourced service provider of certain funds management activities in relation to DB assets commencing from 15 June 2015.

TCorp provides funds management services in relation to the Trustee Selection Strategy (formerly called the Growth Strategy), which primarily invests employer funded (or defined benefit) assets. The services being provided by TCorp include undertaking functions such as recommending investment managers, conducting due diligence, funds administration and operations and reporting activities. The appointment is considered to be in the best interests of the beneficiaries of the State Super Schemes.

STC maintains the resources and staff required to continue to meet its regulatory and fiduciary obligations, which include retaining responsibility for member services and investment governance (including setting investment objectives and strategies, risk management and asset allocation) for all the STC investment strategies. STC continues to manage the four member investment choice strategies (Growth, Balanced, Conservative and Cash) and the two university investment strategies (University Diversified and University Cash) in which university employer reserves are invested.

Total costs incurred for the Amalgamation Project was $0.4 million (2015: $6.07 million), this amount was reimbursed to STC through the Crown Reserves.

16. EVENTS AFTER THE REPORTING DATE

In 2013 NSW Parliament introduced the Government Sector Employment Act 2013 (GSE Act) to reform the structure of the government sector's executives' employment arrangements and management practices.

STC, as trustee of the SAS Trustee Corporation Pooled fund, is impacted by the proposed changes which include implementing a single executive structure across the public sector with one set of employment arrangements and remuneration bands for all. These changes took effect in September 2016.

The introduction of the GSE Act will significantly affect remuneration for most senior executives and the number of available positions for senior officers. This will lead to staff turnover and potential loss of knowledge and skills. In addition, the re-organisation of staff and roles may incur redundancy costs, which are estimated to be in the order of $1 million, which are not included in the 2015/16 results.

There were no other events between 30 June 2016 and the date of approval of these financial statements that would significantly affect the financial statements.

End of Audited Financial Statements

Part G
Financial statements of the SAS Trustee Staff Agency

(Previously called: SAS Trustee Corporation Division of the Government Service of NSW)

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of SAS Trustee Corporation Staff Agency (the Staff Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Staff Agency in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer of the Staff Agency is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer must assess the Staff Agency's ability to continue as a going concern unless the Staff Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Staff Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

Margaret Crawford
Auditor-General of New South Wales

29 September 2016
SYDNEY

SAS TRUSTEE CORPORATION STAFF AGENCY

ABN 31 683 571 255

Statement by Chief Executive Officer
for the year ended 30 June 2016

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* I declare that in my opinion:

1. the financial statements present a true and fair view of the financial position of the SAS Trustee Corporation Staff Agency as at 30 June 2016 and transactions for the year then ended, and

2. the financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015, the Treasurer's Directions and applicable Accounting standards in Australia.

Further, I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 28th day of September 2016.

John Livanas
Chief Executive Officer

SAS TRUSTEE CORPORATION STAFF AGENCY

Statement of Comprehensive Income
for the year ended 30 June 2016

	NOTE	2016 $'000	2015 $'000
Continuing Operations			
Operating Revenue			
Personnel Services		**10,771**	11,279
Operating Expenses			
Salaries		**7,235**	8,870
Defined contribution superannuation		**671**	800
Defined benefit superannuation		**99**	102
Annual and long service leave		**820**	768
Other payroll related		**544**	680
		9,369	11,220
Operating Result	2	**1,402**	59
Other Comprehensive Income			
Items that will not be reclassified into Operating Result:			
Superannuation actuarial remeasurement gains/(losses)	8	**(1,402)**	(59)
Total Comprehensive Income		**-**	-

The accompanying notes form an integral part of the above Statement of Comprehensive Income

Statement of Financial Position
as at 30 June 2016

	NOTE	2016 $'000	2015 $'000
Current Assets			
Receivables	3	**5,304**	3,741
Total Current Assets		**5,304**	3,741
Total Assets		**5,304**	3,741
Current Liabilities			
Provisions	4	**5,107**	3,636
Total Current Liabilities		**5,107**	3,636
Non-Current Liabilities			
Provisions	4	**197**	105
Total Non-Current Liabilities		**197**	105
Total Liabilities		**5,304**	3,741
Net Assets		**-**	-
Total Equity		**-**	-

The accompanying notes form an integral part of the above Statement of Financial Position

SAS TRUSTEE CORPORATION STAFF AGENCY

Statement of Cash Flows
for the year ended 30 June 2016

	NOTE	**2016 $'000 Inflows/ (Outflows)**	2015 $'000 Inflows/ (Outflows)
Cash Flows from Operating Activities			
Receipts		**10,771**	12,891
Interest Received			
Payments to Suppliers and Employees		**(10,771)**	(12,891)
Net Operating Cash Flows	9(b)	**-**	-
Net Increase/(Decrease) in Cash & Cash Equivalents		**-**	-
Cash & Cash Equivalents at the beginning of the Financial Year		**-**	-
Cash & Cash Equivalents at the End of the Financial Year	9(a)	**-**	-

The accompanying notes form an integral part of the above Statement of Cash Flows

Statement of Changes in Equity
for the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Balance at 1 July		-	-
Operating Result		**1,402**	59
Other Comprehensive Income			
Superannuation actuarial remeasurement gains/(losses)	8	**(1,402)**	(59)
Total Comprehensive Income		-	-
Balance at 30 June		-	-

The accompanying notes form an integral part of the above Statement of Changes in Equity

Notes to the financial statements
for the period ended 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The SAS Trustee Corporation Staff Agency (STC Staff Agency) is a Staff Agency of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Management Act 2002.* It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in NSW Australia and its office is at Level 16, 83 Clarence Street, Sydney.

STC Staff Agency is a controlled entity of the SAS Trustee Corporation (STC). The objective of the STC Staff Agency is to provide personnel services to the SAS Trustee Corporation (STC) and the SAS Trustee Corporation Pooled Fund. The expense and revenue amounts include the salary of STC's Chief Executive Officer whose contract for employment is with STC but whose salary administration is conducted through the STC Staff Agency.

These financial statements were authorised for issue by the Chief Executive Officer of STC on 28 September 2016.

B. Basis of preparation and statement of compliance

These are general purpose financial statements in accordance with the requirements of Australian Accounting Standards including Australian Accounting Interpretations, the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations other than superannuation balances which are remeasured in accordance with the requirements of AASB 119 *Employee Benefits* (see note 4). The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial statements. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The accounting policies adopted in preparing the financial statements are consistently applied, including considering new or amended accounting standards which became operational on 1 July 2015.

C. Comparative information

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes.

D. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

Notes to the financial statements
for the period ended 30 June 2016

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

E. Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at historical cost as the effect of discounting is immaterial.

F. Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

G. New accounting standards and interpretations

AASB 2015-3 *Amendments to Australian Accounting Standards* –
The standard was implemented for the year ended 30 June 2016 with the purpose of removing Australian guidance on materiality from Australian Accounting Standards. There was no material change to these financial statements.

AASB 2015–2 Amendments to Australian Accounting Standards –
These standard amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the final statements. These amendments first apply for the year ending 30 June 2017. No material changes to these financial statements are expected.

H. Accounting standards issued but not yet effective

At the date of authorisation of these financial statements the following accounting standards which are expected to be relevant were issued but not yet effective. The impact of these standards and interpretations has been assessed and to the extent applicable are outlined below. Only relevant Standards and Interpretations have been included.

AASB 9 *Financial Instruments* –
The standard will be implemented for the year ended 30 June 2019. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also changes made in relation to financial liabilities. Consequential amendments were also made to other standards as a result of

Notes to the financial statements
for the period ended 30 June 2016

1. STATEMENT OF ACCOUNTING POLICIES (Continued)

AASB 9 introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 Part E. No material changes to these financial statements are expected.

AASB 2015–6 *Amendments to Australian Accounting Standards –*
Extending Related Party Disclosures to Not-for-profit Public Sector Entities –
These amendments extend the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities. The amendment first applies for the year ending 30 June 2017. No material change to these financial statements is expected.

I. Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future.

J. Financial instruments

Financial instruments give rise to positions that are financial assets or liabilities. The instruments include cash at bank, receivables and payables. All classes of instruments are initially recorded at cost and with receivables and payables being subsequently carried at amortised cost. As such, inputs for valuing the receivables and payables are not based on observable market data. Such measurement provides a reliable estimate of the instrument. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

2. OPERATING RESULT

The STC Staff Agency did not make any payments to consultants in the period ended 30 June 2016 or the year ended 30 June 2015.

The audit fee for the entity of $6,776 (2015: $6,765) is met by STC. The auditor provided no other services other than the audit of these financial statements.

3. RECEIVABLES

	2016 $'000	2015 $'000
Current		
Amounts Receivable – STC Superannuation (refer Note 8)	**5,065**	3,439
SASS	**24**	82
SANCS	**215**	220
	5,304	3,741

Notes to the financial statements
for the period ended 30 June 2016

4. PROVISIONS

	2016 $'000	2015 $'000
Current		
Employee Benefits	1,383	1,350
Superannuation (refer Note 8)		
SSS	3,724	2,286
	5,107	3,636
Non-current		
Employee Benefits	197	105

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement. Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not employee benefits (such as payroll tax), are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provision when the obligations arise, which is usually through the rendering of service by employees. Superannuation and long service leave provisions are measured at their discounted value using a risk free rate mandated by NSW Treasury. All other employee benefit liabilities (i.e. for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of expected future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly. The amount recognised in the operating result for superannuation and long service leave is the net total of current service cost, interest cost and the expected return on plan assets. Actuarial gains or losses are recognised in the Statement of Comprehensive Income in the year they occur.

5. FAIR VALUE

Unless subject to specific measurement requirements of relevant Accounting Standards, all assets and liabilities are measured and reported at fair value. All such receivables are short term and are expected to be settled at the value reported. No payables are past due and all are expected to be settled at the value reported.

Notes to the financial statements
for the period ended 30 June 2016

6. FINANCIAL RISKS

Market Risk
Market risk is the risk that changes in factors such as interest rates will affect revenue or the value of financial instruments. Market risk is accepted on financial instruments. As STC Staff Agency recovers all its costs from STC, a change in market prices will have no effect on STC Staff Agency's result or net assets.

Credit Risk
Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause the STC Staff Agency to experience a financial loss. In respect of the STC Staff Agency's financial assets, its only counterparty is its parent entity, STC. As STC makes good its obligations to the STC Staff Agency on demand, the STC Staff Agency is exposed to minimal credit risk. The STC Staff Agency's maximum credit risk exposure is the balance of the receivable from STC.

Liquidity Risk
Liquidity risk is the risk that the STC Staff Agency will not be able to meet its financial obligations as they fall due. As stated at Note 9 the STC Staff Agency does not have a bank account. All transactions are transacted through the bank account of STC. STC has a legislative right to recover all costs from the SAS Trustee Corporation Pooled Fund and does so monthly. Consequently the STC Staff Agency is exposed to negligible liquidity risk.

7. KEY MANAGEMENT PERSONNEL AND KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the STC Staff Agency and STC Statutory Corporation during the year and in the comparative year.

Executive Officers
Ms L Buck (until 15 June 2015)
Mr K Dent (until 11 July 2014)
Ms B Lawn (until 17 April 2015)
Mr J Livanas
Ms A Lowe
Mr P Laity (until 15 June 2015)
Mr J Murray (until 15 June 2015)
Mr J Narayan (from 6 October 2015)
Mr M O'Brien (until 15 June 2015)
Ms L Rasmussen
Ms A Samuel
Ms N Siratkov
Ms L Tsitsis
Ms N Wooden (until 22 May 2015)

The key management personnel compensation in relation to services to STC is as follows –

	2016	2015
	$'000	$'000
Short-term employee benefits	**2,933**	3,948
Post-employment benefits	**-**	-
Other long term employee benefits	**36**	31
	2,969	3,979

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION

The STC Staff Agency participates in the following closed defined benefit superannuation schemes for some of its staff –

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of scheme membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

Description of the schemes' regulatory framework
The schemes in the Pooled Fund are established and governed by the following NSW legislation and their associated regulations –

- *Superannuation Act 1916*
- *State Authorities Superannuation Act 1987*
- *State Authorities Non-Contributory Superannuation Scheme Act 1987.*

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the STC's (in its capacity as Trustee Board) adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015, the next actuarial investigation will be performed as at 30 June 2018.

Description of other entities' responsibilities for the governance of the Fund
STC (in its capacity as Trustee Board) is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. STC (in its capacity as Trustee Board) has the following roles –

- administration of the Fund and payment to the beneficiaries from Fund assets when required in accordance with the Fund rules;
- management and investment of the Fund assets; and
- compliance with other applicable regulations.

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Description of risks
There are a number of risks to which the Fund exposes the STC Staff Agency as a participating employer. The more significant risks relating to the defined benefits are –

- investment risk - The risk that investment returns will be lower than assumed and the participating employer will need to increase contributions to offset this shortfall
- longevity risk – The risk that pensioners live longer than assumed, increasing future pensions
- salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional contributions from the participating employer
- legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events
There were no fund amendments, curtailments or settlements during the year.

The following information has been prepared by the Scheme actuary.

Reconciliation of the Net Defined Benefit Liability/(Asset)

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Net Defined Benefit Liability/(Asset) at start of year	(82)	(220)	2,286
Current service cost	33	6	-
Net interest on the net defined benefit liability/(asset)	(2)	(7)	69
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(2)	-	(5)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	317
Actuarial (gains)/losses arising from changes in financial assumptions	32	7	1,028
Actuarial (gains)/losses arising from liability experience	(3)	(1)	29
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(24)	(215)	3,724

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Reconciliation of the Net Defined Benefit Liability/(Asset) (Continued)

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Net Defined Benefit Liability/(Asset) at start of year	(75)	(187)	2,085
Current service cost	31	5	-
Net interest on the net defined benefit liability/(asset)	(3)	(7)	74
Past service cost	-	-	-
(Gains)/losses arising from settlements	-	-	-
Actual returns on Fund assets less interest income	(71)	(23)	(389)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	15	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Adjustment for effect of asset ceiling	-	-	-
Employer contributions	-	-	-
Net Defined Benefit Liability/(Asset) at end of year	(82)	(220)	2,286

The Superannuation actuarial re-measurement loss of $1.4 million comprises actuarial gains/losses arising from changes to demographic assumptions, financial assumptions and liability experience.

This amount is disclosed under Other Comprehensive Income in compliance with AASB119 requirements.

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Reconciliation of the fair value of fund assets

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Fair value of fund assets at beginning of the year	**1,001**	**317**	**5,188**
Interest income	**29**	**10**	**152**
Actual return on Fund assets less interest income	**2**	**1**	**5**
Employer contributions	**-**	**-**	**-**
Contributions by participants	**15**	**-**	**-**
Benefits paid	**(7)**	**-**	**(372)**
Taxes, premiums and expenses paid	**(1)**	**(1)**	**27**
Transfers in	**-**	**-**	**-**
Contributions to accumulation section	**-**	**-**	**-**
Settlements	**-**	**-**	**-**
Exchange rate changes	**-**	**-**	**-**
Fair value of fund assets at end of the year	**1,039**	**327**	**5,000**

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Fair value of fund assets at beginning of the year	887	277	4,939
Interest income	30	10	171
Actual return on Fund assets less interest income	71	23	389
Employer contributions	-	-	-
Contributions by participants	14	-	-
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Fair value of fund assets at end of the year	1,001	317	5,188

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Present value of defined benefit obligation at beginning of the year	920	97	7,474
Current service cost	33	6	-
Interest cost	27	3	221
Contributions by participants	15	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	316
Actuarial (gains)/losses arising from changes in financial assumptions	32	7	1,028
Actuarial (gains)/losses arising from liability experience	(4)	-	29
Benefits paid	(7)	-	(371)
Taxes, premiums and expenses paid	(1)	(1)	27
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	1,015	112	8,724

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Reconciliation of the Defined Benefit Obligation (Continued)

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Present value of defined benefit obligation at beginning of the year	811	90	7,024
Current service cost	31	5	-
Interest cost	28	3	245
Contributions by participants	14	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	16	4	579
Actuarial (gains)/losses arising from liability experience	21	(12)	(63)
Benefits paid	-	-	(351)
Taxes, premiums and expenses paid	(1)	7	40
Transfers in	-	-	-
Contributions to accumulation section	-	-	-
Past service cost	-	-	-
Settlements	-	-	-
Exchange rate changes	-	-	-
Present value of defined benefit obligation at end of the year	920	97	7,474

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Reconciliation for the effect of the asset ceiling

As at 30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

As at 30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Adjustment for effect of asset ceiling at beginning of the year	-	-	-
Change in the effect of asset ceiling	-	-	-
Adjustment for effect of asset ceiling at end of the year	-	-	-

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Fair value of Fund assets
All the Fund's assets are invested by the Statutory Corporation (in its capacity as Trustee Board) at arm's length through independent fund managers and assets are not separately invested for each participating employer. As such, the following disclosures relate to the Pooled Fund's total assets.

2016

Asset category	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Short term securities	2,050.4	2,044.4	6.0	-
Australian fixed interest	2,720.5	2.7	2,717.8	-
International fixed interest	834.4	(1.3)	835.7	-
Australian equities	9,720.9	9,171.8	549.1	-
International equities	12,093.7	9,026.2	2,078.8	988.7
Property	3,650.3	1,113.3	618.9	1,918.1
Alternatives	7,115.9	470.1	3,122.2	3,523.6
Total	38,186.1	21,827.2	9,928.5	6,430.4

2015

Asset category	Total ($m)	Level 1 ($m)	Level 2 ($m)	Level 3 ($m)
Short term securities	2,641.5	2,443.7	197.8	-
Australian fixed interest	2,655.7	30.9	2,624.8	-
International fixed interest	1,003.9	(0.1)	1,004.0	-
Australian equities	10,407.0	9,961.4	445.5	0.1
International equities	13,010.9	9,963.0	2,040.2	1,007.7
Property	3,317.6	948.2	715.6	1,653.8
Alternatives	7,170.2	622.1	2,266.9	4,281.2
Total	40,206.8	23,969.2	9,294.8	6,942.8

Note –

- Level 1 refers to assets and liabilities for which there are quoted prices in active markets for identical assets and liabilities. The assets in this level are listed shares; listed unit trusts.
- Level 2 refers to assets and liabilities that have significant valuation inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets and liabilities in this level are notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
- Level 3 refers to assets and liabilities that are not based on observable market data. The assets and liabilities in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

The percentage of fund assets invested in each asset class at 30 June

	2016	2015
Short term securities	**5%**	6%
Australian fixed interest	**7%**	7%
Overseas fixed interest	**2%**	2%
Australian equities	**25%**	26%
International equities	**32%**	32%
Property	**10%**	9%
Alternatives	**19%**	18%
	100%	100%

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

The Fund does not hold any financial instruments issued by the STC Staff Agency.

Significant actuarial assumptions as at 30 June

	2016	2015
Discount rate	**1.99%**	3.03%
Salary increase rate (excluding promotional increases)	**2.50%**	2.50%
Rate of CPI increase	**1.50%**	2.50%
Pensioner mortality	**as per the 2015 Actuarial Investigation of the Pooled Fund**	as per the 2012 Actuarial Investigation of the Pooled Fund

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Sensitivity analysis
The total defined benefit obligation as at 30 June 2016 under several scenarios is presented below. Scenarios A to F relate to the sensitivity of the total defined benefit obligation to economic assumptions. Scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% Discount rate	Scenario B +1.0% Discount rate
Discount rate	1.99%	0.99%	2.99%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	1.50%	1.50%	1.50%
Defined benefit obligation ($'000)	9,850.9	11,348.4	8,627.6

	Base Case	Scenario C +0.5% Rate of CPI increase	Scenario D -0.5% Rate of CPI increase
Discount rate	1.99%	1.99%	1.99%
Salary increase rate	2.50%	2.50%	2.50%
Rate of CPI increase	1.50%	2.00%	1.00%
Defined benefit obligation ($'000)	9,850.9	10,547.2	9,216.6

	Base Case	Scenario E +0.5% Salary increase rate	Scenario F -0.5% Salary increase rate
Discount rate	1.99%	1.99%	1.99%
Salary increase rate	2.50%	3.00%	2.00%
Rate of CPI increase	1.50%	1.50%	1.50%
Defined benefit obligation ($'000)	9,850.9	9,870.0	9,832.3

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Sensitivity analysis (Continued)

	Base Case	Scenario G -5.0% Pensioner mortality rates	Scenario H +5.0% Pensioner mortality rates
Defined benefit obligation ($'000)	**9,850.9**	9,724.4	10,034.3

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-liability matching strategies
STC, in its capacity as trustee of the Fund, ensures it maintains an appropriate asset strategy to pay benefits as the benefits fall due.

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Funding arrangements
Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussion between the STC in its capacity as trustee of the Schemes and NSW Treasury.

STC in its capacity of trustee of the schemes reviews funding positions annually and contributions may be adjusted in response to the review.

Surplus/deficit
The following is a summary of the 30 June financial position of the schemes calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans.*

30 June 2016	**SASS $'000**	**SANCS $'000**	**SSS $'000**
Accrued benefits	**919.3**	**120.9**	**4,334.3**
Net market value of fund assets	**(1,038.7)**	**(326.5)**	**(5,000.4)**
Net (surplus)/deficit	**(119.4)**	**(205.6)**	**(666.1)**

30 June 2015	SASS $'000	SANCS $'000	SSS $'000
Accrued benefits	847.0	109.4	4,064.4
Net market value of fund assets	(1,001.3)	(317.5)	(5,187.7)
Net (surplus)/deficit	(154.3)	(208.1)	(1,123.3)

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Recommended contribution rates

As at 30 June 2016	**SASS**	**SANCS**	**SSS**
	Multiple of member contributions	**% member salaries**	**Multiple of member contributions**
	-	-	-

As at 30 June 2015	SASS	SANCS	SSS
	Multiple of member contributions	% member salaries	Multiple of member contributions
	-	-	-

Notes to the financial statements
for the period ended 30 June 2016

8. SUPERANNUATION (Continued)

Funding arrangements for employer contributions – Economic Assumptions

Weighted average assumptions –

	2015 and following
Expected rate of return on fund assets backing current pension liabilities	**7.8%**
Expected rate of return on fund assets backing other liabilities	**6.8%**
Expected salary increase rate	**3.0% to 30 June 2019 then 3.5% pa thereafter**
Expected rate of CPI increase	**2.5%**

Funding arrangements for employer contributions – Nature of asset/liability:

If a surplus exists in the STC Staff Agency's interest in the fund, the STC Staff Agency may be able to take advantage of it in the form of a reduction in required contribution rate. STC in its capacity as the schemes' trustee and NSW Treasury must approve such a reduction.

If a deficiency exists the STC Staff Agency is responsible for any difference between its share of scheme assets and the defined benefit obligation.

Expected contributions

Year ended 30 June 2016	**SASS**	**SANCS**	**SSS**
	-	-	-

Year ended 30 June 2015	SASS	SANCS	SSS
	-	-	-

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.1 years.

Notes to the financial statements
for the period ended 30 June 2016

9. COMMITMENTS FOR EXPENDITURE

There are no commitments for expenditure at 30 June 2016 or at 30 June 2015.

10. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2016 or at 30 June 2015.

11. EVENTS AFTER THE REPORTING DATE

In 2013 NSW Parliament introduced the Government Sector Employment Act 2013 (GSE Act) to reform the structure of the government sector's executives' employment arrangements and management practices.

STC, as trustee of the SAS Trustee Corporation Pooled fund, is impacted by the proposed changes which include implementing a single executive structure across the public sector with one set of employment arrangements and remuneration bands for all. These changes took effect in September 2016.

The introduction of the GSE Act will significantly affect remuneration for most senior executives and the number of available positions for senior officers. This will lead to staff turnover and potential loss of knowledge and skills. In addition, the re-organisation of staff and roles may incur redundancy costs, which management estimates to be in the order of $1 million, which are not included in the 2015/16 results.

There were no other events between 30 June 2016 and the date of approval of these financial statements that would significantly affect the financial statements.

End of Audited Financial Statements

Part G
Financial statements of the SAS Trustee Corporation Pooled Fund

INDEPENDENT AUDITOR'S REPORT

SAS Trustee Corporation Pooled Fund

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the SAS Trustee Corporation Pooled Fund (the Fund), which comprise the statement of net assets as at 30 June 2016, the statement of changes in net assets for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the net assets of the Fund as at 30 June 2016, and of its changes in net assets for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Fund in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Trustee's Responsibility for the Financial Statements

The Trustee is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee must assess the Fund's ability to continue as a going concern unless the Fund will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx.
The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Fund carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

Margaret Crawford
Auditor-General of New South Wales

29 September 2016
SYDNEY

SAS TRUSTEE CORPORATION POOLED FUND

ABN 29 239 066 746

Statement by Members of the Trustee Board
For the year ended 30 June 2016

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the Board of the SAS Trustee Corporation, we state that in our opinion the financial statements:

1. present a true and fair view of the net assets of the Pooled Fund as at 30 June 2016 and changes in net assets for the year then ended, and

2. have been prepared in accordance with the Australian Accounting Standards which includes Australian Accounting interpretations and the requirements of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2015 and the Treasurer's directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 28th day of September 2016.

Nicholas Johnson
Chairperson
SAS Trustee Corporation

George Venardos
Board Member and Chairperson of the Risk, Audit and Compliance Committee
SAS Trustee Corporation

1

Statement of Changes in Net Assets
for the year ended 30 June 2016

	Note	2016 $'m	2015 $'m
Net Assets Available to Pay Benefits at Beginning of Financial Year		**41,988.0**	40,248.2
Contribution Revenue			
Employer Contributions		**1,657.0**	1,481.0
Member Contributions		**329.9**	366.2
Total Contribution Revenue	3	**1,986.9**	1,847.2
Investment Revenue			
Short Term Securities		**64.8**	85.3
Australian Fixed Interest		**80.3**	128.8
International Fixed Interest		**19.1**	22.0
Australian Equities		**425.8**	451.3
International Equities		**318.8**	347.2
Property		**176.4**	168.6
Alternatives		**219.2**	436.4
		1,304.4	1,639.6
Change in Net Market Value of Investments		**431.1**	2,985.4
	4	**1,735.5**	4,625.0
Less:			
Direct Investment Expenses		**(120.7)**	(125.8)
Net Investment Income		**1,614.8**	4,499.2
Other Income		**9.2**	8.4
Total Income		**3,610.9**	6,355.3
Expenses			
Benefits Paid and Payable	10(b)	**(4,528.8)**	(4,435.6)
Administration Expenses	5	**(46.5)**	(46.2)
Other Expenses		**(1.2)**	(7.2)
Total Expenses		**(4,576.5)**	(4,489.0)
Change in Net Assets Before Income Tax		**(965.6)**	1,866.3
Income Tax Benefit/(Expense)	6(a)	**16.3**	(126.5)
Change in Net Assets After Income Tax		**(949.3)**	1,739.8
Net Assets Available to Pay Benefits at End of Financial Year	7	**41,038.7**	41,988.0

The accompanying notes form an integral part of the above Statement of Changes in Net Assets

SAS TRUSTEE CORPORATION POOLED FUND

Statement of Net Assets
as at 30 June 2016

	Note	**2016 $'m**	2015 $'m
INVESTMENT ASSETS			
Short Term Securities		**4,831.6**	6,049.4
Australian Fixed Interest		**2,450.6**	2,576.3
International Fixed Interest		**803.9**	1,028.2
Australian Equities		**9,110.3**	9,523.0
International Equities		**11,708.8**	11,688.3
Investment Properties		**3,738.3**	3,487.1
Alternatives		**8,254.2**	7,096.1
		40,897.7	41,448.4
OTHER ASSETS			
Cash and Cash Equivalents		**12.3**	6.5
Receivables	8	**690.2**	998.8
Plant and Equipment		**0.8**	0.9
Deferred Tax Asset	6(b)	**0.0**	6.5
		703.3	1,012.7
TOTAL ASSETS		**41,601.0**	42,461.1
LIABILITIES			
Payables	9	**381.5**	232.1
Current Tax Liability	6(a)	**105.7**	54.6
Deferred Tax Liability	6(b)	**75.1**	186.4
TOTAL LIABILITIES		**562.3**	473.1
NET ASSETS AVAILABLE TO PAY BENEFITS	7	**41,038.7**	41,988.0

The accompanying notes form an integral part of the above Statement of Net Assets

Notes to and forming part of the financial statements
for the year ended 30 June 2016

1. THE POOLED FUND

The SAS Trustee Corporation Pooled Fund (the Fund) was established under and is governed by various Acts of the New South Wales Parliament. The Schemes of the Fund comprise the State Authorities Non-contributory Superannuation Scheme (SANCS), the State Superannuation Scheme (SSS) and the Police Superannuation Scheme (PSS), which are defined benefit plans, and the State Authorities Superannuation Scheme (SASS), which has defined benefit and defined contribution components. All Schemes in the Fund are closed to new members. The Fund is domiciled in NSW Australia with a registered address at Level 16, 83 Clarence Street Sydney, NSW, 2000.

These financial statements are general purpose financial statements for the Fund, a reporting entity that comprises the SASS, SANCS, SSS and PSS. These superannuation Schemes are administered by SAS Trustee Corporation (STC), under the *Superannuation Administration Act 1996* (the Act). STC acts as trustee and holds in trust all assets of the Fund.

STC is a controlled entity of the NSW Government from 1 July 2014 and is required to comply with relevant Treasury Polices and financial reporting requirements.

Scheme administration services for the Fund are carried out by the Superannuation Administration Corporation trading as Pillar Administration (Pillar). The Fund's investment custodial activities are performed by JP Morgan Chase Bank, NA. The Fund's administration custody activities (operation and management of the Fund's benefit and contribution bank accounts) are performed by Pillar. Independent actuarial services are provided by Richard Boyfield of Mercer (Australia) Pty Ltd.

NSW Treasury Corporation (TCorp) provides funds management services in relation to the Trustee Selection Strategy (formerly part of the previous Growth Strategy), which primarily invests employer funded (or defined benefit) assets. The services being provided by TCorp include undertaking functions such as recommending investment managers, conducting due diligence, funds administration and operations and reporting activities.

A list of investment managers of the Fund during the year ended 30 June 2016 and 2015 is provided in note 19. Each manager is required to invest the assets managed by it in accordance with the provisions set out in an Investment Management Agreement either directly with STC, or in the case of a trust, with the trustee of the trust. The investment managers and custodian charge fees for the services provided.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements form general purpose financial statements and are prepared in accordance with:

- the requirements of Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans* (AAS 25) which provides specific measurement requirements for assets, liabilities and for accrued benefits
- the requirements of other Australian Accounting Standards, to the extent these standards are not overridden by AAS 25
- the *Public Finance and Audit Act 1983*
- the Public Finance and Audit Regulation 2015
- financial reporting directions issued by the Treasurer
- relevant legislative requirements.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Trustee Board has determined that the Fund is a not-for-profit entity for financial reporting purposes.

The financial statements were authorised for issue by the Trustee Board on 28 September 2016.

The financial statements have been prepared on an accrual basis and in accordance with the historic cost convention, except for assets stated in Note 2(b).

In accordance with the criteria set out in the Australian Accounting Standard AASB 3 – *Business Combinations,* AASB 127 – *Consolidated and Separate Financial Statements* the Fund is the parent entity within the economic entity. Entities in the economic entity are shown in Note 12. Consolidated financial statements have not been prepared on the basis that the economic entity meets the definition of an investment entity under the control assessment defined in AASB 10. Investments in controlled entities are measured at fair value through profit or loss.

All amounts are presented in Australian Dollars. The accounting policies adopted in preparing the financial statements are consistently applied.

More detailed information on accounting policies for financial instruments is contained at Note 16.

b) Assets and Liabilities

Assets and liabilities of the Fund are valued at reporting date at net market values. Net market values comprise market values less estimated costs of disposal. Changes in net market values, representing gains or losses, are recognised in the Statement of Changes in Net Assets in the period in which they occur.

The valuation of each class of asset at balance date for the year and previous year:

Short Term Securities:	Market rates (refer note 16 for more detail)
Fixed Interest:	Relevant fixed interest securities markets
Equities and Unit Trusts:	Relevant stock exchange official quotation
Unlisted Assets:	Valued by independent or manager valuation
Property:	Recognised on acquisition at cost and subsequently valued at net market value determined individually by independent registered valuers on the basis of an exchange between knowledgeable and willing parties in an arm's length transaction.
Plant and Equipment:	Valued at net market values; where assets are not material and for which fair values are not readily available, the assets are shown at their carrying amounts which in the opinion of Directors approximates fair value.

For sundry assets and receivables where net market values are not applicable the assets are shown at fair value. Assets are reviewed annually for impairment and to ensure they are not recognised at amounts exceeding the recoverable amounts.

The transactions relating to financial instruments are accounted for using trade date accounting.

The Trustees have determined that the above measurement bases are appropriate. The nature of the assets and liabilities is such that measurement amounts may change over time. Particularly for unlisted assets, measurement amounts may vary from amounts realised.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets and liabilities are recognised when STC becomes party to the instrument's contractual provisions. Assets are derecognised when the contractual rights to cash flows from the asset expire or are transferred to another party. Liabilities are derecognised when the contractual obligation relating to the liability is discharged, cancelled or expires.

c) Foreign Currency Transactions

Foreign currency transactions during the year are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Resulting exchange differences are recognised in the Statement of Changes in Net Assets in the period in which they arise.

d) Use of Judgements and Estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty implicit in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future. In valuing assets for which there is no observable market STC is guided on appropriate valuation techniques by it's Valuation Policy. The valuation techniques generally involve the judgment of independent valuers. In valuing deferred tax balances, STC is guided by AASB 112 – *Income Taxes* (refer Note 2(e)). The amount of accrued and vested benefits has been actuarially determined. The key assumptions are disclosed at note 10.

e) Income Tax

The Fund is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1936*. Accordingly, the concessional tax rate of 15% has been applied.

Income tax on the Change in Net Assets for the year comprises current and deferred tax. Income tax is reflected in the Statement of Changes in Net Assets.

Current tax is the expected tax payable or recoverable on the taxable income for the year using the concessional tax rate of 15% and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax provided uses the tax rate expected to apply when the benefit or liability is realised.

A deferred tax asset is only recognised to the extent it is probable that future taxable surpluses will be available against which the asset can be used.

f) Management Expenses

Management expenses charged to the Fund comprise:

Direct Investment Expenses: Investment manager and custody fee expenses are recognised on an accruals basis.

Administration Expenses: The expenses were allocated in accordance with Trustee policy and based on member numbers and scheme complexity.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Goods and services tax (GST)

Revenues are recognised net of the amount of GST where applicable. Expenses and assets are also recognised net of the amount of GST where applicable to the extent that the GST is recoverable from the Australian Taxation Office as a reduced input tax credit (RITC). Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from the Australian Taxation Office is included as part of receivables in the Statement of Net Assets.

h) Rounding

All values reported in the financial statements have been rounded to the nearest million dollars taken to one decimal place, except where otherwise stated.

i) Comparative Figures

Where there have been changes in presentation in the current financial year, the comparative figures for the previous year have been adjusted to conform to these changes.

j) Revenue Recognition and Measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised. Revenue is measured at the fair value of the consideration received.

Contributions
Contributions are recognised when the right to the contribution has been obtained and are recorded in the period to which they relate.

Interest Revenue
Interest is recognised on an accrual basis when control of a right to receive has been obtained.

Dividend Revenue
Dividends are recognised on the date the shares are quoted ex-dividend and if not received at reporting date are recognised as a receivable in the Statement of Net Assets at net market value.

Rental Revenue
Rental revenue from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of total rental income.

Changes in net market value of investments
Changes in the net market value of investments are recognised as revenue and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the period).

Distributions from unit trusts
Distributions from unit trusts are recognised as investment revenue on the date the unit value is quoted ex-distribution. If distributions from unit trusts are not received by 30 June, the amount is reflected in the Statement of Net Assets as a receivable.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Benefit Payments

Benefit payments are recognised when the payment becomes due under scheme legislation and a benefit application has been received.

l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Net Assets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle or realise the assets and liabilities simultaneously.

m) New Accounting Standards issued but not yet effective

At the date of authorisation of these financial statements the following accounting standards were issued but not yet effective. The impact of these standards and interpretations has been assessed to the extent applicable to the Fund and are outlined below. Standards and Interpretations that are not applicable to the Fund have not been included.

AASB 9 *Financial Instruments* –
The standard will be implemented for the year ending 30 June 2019. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets. There are also changes made in relation to financial liabilities. Consequential amendments were also made to other standards as a result of AASB 9. No material changes to these financial statements are expected.

AASB 1056 *Superannuation Entities* –
Currently the Fund prepares its financial statements in accordance with AAS 25 *Financial Reporting for Superannuation Funds*. In June 2014, the AASB released a new standard AASB 1056 S*uperannuation Entities* effective from 1 July 2016. This standard requires a full retrospective application. The expected impact of initial application and the known estimable transitional differences are summarised below:

Presentation and classification
There will be new presentation requirements including a statement of changes in member benefits to disclose member related transactions and a statement of changes in equity to record equity held in superannuation entities in the form of reserves. All contributions and benefits affecting member liabilities will be moved to the statement of changes in member benefits from the statement of changes in net assets. A statement of cash flows, statement of financial position and income statement will also be disclosed.

The new standard specifies that members' liabilities do not meet the definition of equity, therefore member benefits will be recognised as liabilities in the *statement of financial position* rather than in equity. This will result in a transition adjustment on 1 July 2016, which will decrease net assets by $59,122 million resulting in a net liability position.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets and liabilities will be measured at fair value in accordance with AASB 13 *Fair value measurement*, excluding member liabilities, tax assets and liabilities, insurance assets and liabilities, and employer-sponsor receivables.

The Fund has identified that there will be a net increase of $34 million in asset values which will be recognised on 1 July 2016 as a transitional adjustment in the Statement of Net Assets and the Statement of Changes in Net Assets. The valuation of the Fund's assets and liabilities will continue to be valued based on STC's valuation policy methodologies, however under AASB *13 Fair value measurement* disposal costs will not be included in the asset valuation and the transitional adjustment will be reflected through profit and loss.

For defined benefit obligations
Defined benefit obligations will be measured on an annual basis and disclosed in the statement of financial position. Accrued benefits will be measured as the amount of a portfolio of investments that would be needed as at the reporting date to yield future net cash inflows that would be sufficient to meet accrued benefits at that date when they are expected to fall due. The transitional adjustment to the defined benefit obligation resulting from this change is expected to be $18,015 million. (Note 3 provide details on funding arrangements).

Insurance Arrangements
The Fund has arrangements whereby it provides insurance to members. The Fund will recognise liabilities and assets arising from its insurance arrangements and measure these liabilities and assets using the same approach to measuring defined benefit member liabilities. The fund will disclose separately the insurance premiums, claims experience and the net result from insurance activities in the notes to the financial statements.

Financial Disclosures
The following table highlights the key impacts to the 2016 Statement of Financial Position if the AASB 1056 *Superannuation Entities* was adopted. This table is for analysis purposes only, the accounting standard changes will be adopted for the financial year ended 30 June 2017. The table shows the key 2016 financial disclosures presented under the current AAS 25 *Financial reporting by Superannuation Plans* and AASB 1056 *Superannuation Entities* with likely impacts below.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 1056 - key impacts on Statement of Financial Position	**2016**
ASSETS:	$m
Total assets under AAS 25	41,601
Adjustments for AASB 1056 compliance:	
-disposal costs excluded from fair value measurement	34
Total assets under AASB 1056	41,635
LIABILITIES:	
Total liabilities under AAS 25	562
Net assets available for member benefits	41,073
Adjustments for AASB 1056 compliance	
- members liabilities to be recognised as liabilities in the statement of financial position	
Member benefits:	
Defined benefit member liabilities	59,122
Total member liabilities	59,122
Net assets/(liabilities), including member liabilities	(18,049)
Equity	
Defined benefits that are under/(over) funded	18,049

AASB 1057 *Application of Australian Accounting Standards* –
This standard lists or groups the application paragraphs for each other Standard (and Interpretation) and do not affect the underlying accounting requirements in the other Standards. The standard first applies for the year ending 30 June 2017 and is not expected to have a material impact to these financial statements.

AASB 2015–2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* -
These amendments to AASB 101 *Presentation of Financial Statements* arise from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amendment first applies for the year ending 30 June 2017 and is not expected to have a material impact to these financial statements. However, it may declutter the financial statements to enhance readability.

AASB 2015–6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-profit Public Sector Entities –
These amendments extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. The amendment first applies for the year ending 30 June 2017. The Fund will comply with the requirements of the additional related party disclosures.

AASB 16 *Leases* -
This standard replaces AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease.* The standard brings most leases onto the balance sheet and would have the most impact on lessee accounting. The standard first applies for the year ending on or after 30 June 2020. The impacts of this standard will be considered.

AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation -*
This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment first applies for the year ending 30 June 2017 and is not expected to have a material impact on these financial statements.

AASB 2015-5 *Amendments to Accounting Standards – Investment Entities: Applying the Consolidation Exception -*
This amends AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interests in Other Entities*, and AASB 128 *Investments in Associates and Joint Ventures* to clarify:

- the applicability of the investment entity exemption for entities which have a parent entity that is an investment entity;
- the applicability of AASB 12 to investment entities; and
- relief in relation to accounting for associates and joint ventures that are investment entities.

The amendment first applies for the year ending 30 June 2017 and is not expected to have a material impact on these financial statements.

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-profit Public Sector Entities -
This standard relieves not-for-profit public sector entities from certain disclosures specified in AASB 13 *Fair Value Measurement* for assets within the scope of AASB 116 *Property, Plant and Equipment* that are held primarily for their current service potential rather than to generate future net cash inflows. The amendment first applies for the year ending 30 June 2017 and is not expected to have a material impact on these financial statements.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

3. EMPLOYER AND MEMBER CONTRIBUTIONS

	2016				
	SASS $'m	**SANCS $'m**	**SSS $'m**	**PSS $'m**	**Total $'m**
Employer Contributions	**550.9**	**196.6**	**725.2**	**184.3**	**1,657.0**
Salary Sacrifice Contributions	**144.0**	**-**	**81.1**	**7.5**	**232.6**
Member Contributions	**58.5**	**0.4**	**35.1**	**3.3**	**97.3**
Total Contributions	**753.4**	**197.0**	**841.4**	**195.1**	**1,986.9**

	2015				
	SASS $'m	SANCS $'m	SSS $'m	PSS $'m	Total $'m
Employer Contributions	456.6	141.3	682.4	200.7	1,481.0
Salary Sacrifice Contributions	144.0	-	100.8	7.2	252.0
Member Contributions	65.4	0.7	44.3	3.8	114.2
Total Contributions	666.0	142.0	827.5	211.7	1,847.2

The payment of all benefits under the Schemes associated with the Fund is provided for by New South Wales Government statute and the liability is funded, as a minimum, as the benefits become payable. Member financed benefits are fully funded by underlying member reserves held within the Fund (Note 7 gives more detail).

Member and employer contributions for each of the Schemes are determined on the basis described below. The basis for the current year remains unchanged from the previous year. Member contributions for the SANCS represent the co-contributions received from the Commonwealth Government.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012*. The New South Wales Government's objective is to fully fund its superannuation liabilities by 2030. The New South Wales Government budget statement for 2016-17 contained the following assertion *"The 2015 State's Superannuation liabilities review concluded that the Government's current contribution plan appears reasonable to deliver full funding by 2030. The Government will keep the current plan under review to ensure the commitment is met".*

This objective requires that employer contributions be periodically reassessed to ensure that they remain sufficient to achieve full funding by 2030. STC conducts this periodic reassessment at 30 June each year.

a) State Authorities Superannuation Schemes (SASS)

Member Contributions

Each member elects to contribute between 1% and 9% of salary.

Employer Contributions

Under the provisions of the *State Authorities Superannuation Act 1987* employers are grouped into the two categories below and the bases of contribution are as follows:

Notes to and forming part of the financial statements
for the year ended 30 June 2016

3. **EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)**

Part 1 Consolidated Fund or supported Government employers and self-financing Semi-government and non-government employers are billed monthly and generally contribute at a multiple of the contributions payable by employees. The respective multiples are set by STC, with the concurrence of the NSW Treasurer, at a rate to part fund future liabilities and to fully fund emerging benefits.

Part 3 Part 3 employers contribute at a multiple of 1.9 of employee contributions for SASS and 2.5% of employees' salaries for SANCS.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

b) State Authorities Non-contributory Superannuation Scheme (SANCS)

Member Contributions

As the Scheme is 100% employer funded, there are no member contributions. Any member contribution recognised represents co-contributions received from the Commonwealth Government in respect of a member.

Employer Contributions

Employers are billed at a percentage of employees' salaries, set for each employer by STC with the concurrence of the NSW Treasurer. The current contribution rates for employers range from 0% to 3%. Some employers also contribute lump sum contributions to meet past service deficiencies. The lump sum contribution amount is set by STC with concurrence of the NSW Treasurer.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

c) State Superannuation Scheme (SSS)

Member Contributions

Each member contributes on a rate for age basis for individual pension units which become available with salary increases. Members may elect to abandon units where total contributions payable would exceed 6% of salary.

Employer Contributions

Each employer contributes at a rate equal to a multiple of relevant employee contributions. The rate is set by STC with the concurrence of the NSW Treasurer. The multiple of employee contributions is estimated to at least meet the cost of emerging benefits. Some employers also contribute lump sum contributions to meet past service deficiencies. The lump sum contribution amount is set by STC with concurrence of the NSW Treasurer.

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012.*

Notes to and forming part of the financial statements
for the year ended 30 June 2016

3. EMPLOYER AND MEMBER CONTRIBUTIONS (Continued)

d) Police Superannuation Scheme (PSS)

Member Contributions

Members contribute 6% of their salary.

Employer Contributions

Contributions made by the Crown are in line with the funding plan developed by it to satisfy the requirements of the *Fiscal Responsibility Act 2012*.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

4. INVESTMENT REVENUE

	2016			
	Income	Change in Net Market Value		Total
		Held at Reporting Date	Realised During the Year	
		Unrealised Gain/(Loss)	Gain/(Loss)	
	$'m	$'m	$'m	$'m
Short Term Securities	64.8	3.9	45.2	113.9
Australian Fixed Interest	80.3	65.0	13.3	158.6
International Fixed Interest	19.1	62.0	(14.5)	66.6
Australian Equities	425.8	(193.6)	(81.5)	150.7
International Equities	318.8	(190.9)	(271.2)	(143.3)
Property	176.4	358.1	(31.6)	502.9
Alternatives	219.2	501.3	165.6	886.1
Total Investment Revenue	1,304.4	605.8	(174.7)	1,735.5

	2015			
	Income	Change in Net Market Value		Total
		Held at Reporting Date	Realised During the Year	
		Unrealised Gain/(Loss)	Gain/(Loss)	
	$'m	$'m	$'m	$'m
Short Term Securities	85.3	11.2	82.5	179.0
Australian Fixed Interest	128.8	12.7	15.0	156.5
International Fixed Interest	22.0	99.0	3.4	124.4
Australian Equities	451.3	199.0	201.8	852.1
International Equities	347.2	1,605.2	52.8	2,005.2
Property	168.6	336.3	(33.2)	471.7
Alternatives	436.4	517.9	(118.2)	836.1
Total Investment Revenue	1,639.6	2,781.3	204.1	4,625.0

Interest Revenue
Within Short Term Securities, Australian Fixed Interest and International Fixed Interest is interest revenue of $153.4 million (2015: $189.6 million).

Dividend Revenue
Within Australian Equities and International Equities is dividend revenue of $600.4 million and trust distributions of $252.8 million (2015: $626.8 million and $252.1 million).

Notes to and forming part of the financial statements
for the year ended 30 June 2016

4. INVESTMENT REVENUE (Continued)

Property Lease Revenue

The Fund's property portfolio comprises interests in property trusts and several directly owned properties. These properties are leased commercially to various tenants.

The Fund engaged in the following transactions –

	2016 $'m	2015 $'m
Rental income derived	**139.2**	154.7
Direct property operating expenses	**(43.8)**	(49.0)
Contractual obligations to renovate properties	**(26.5)**	(4.0)
Contractual obligations for repairs, maintenance or enhancements to properties	**(0.2)**	(0.5)

The future minimum lease payments receivable by the Fund are –

	2016 $'m	2015 $'m
No later than one year	**118.4**	103.4
Later than one year but not later than five years	**288.5**	227.3
Later than five years	**117.8**	79.9
	524.7	410.6

5. SCHEME ADMINISTRATION EXPENSES

The Superannuation Administration Act 1996 requires that STC recover its administration expenses from the Pooled Fund. Recoveries totalled $46.5 million (2015: $46.2 million).

Included in Scheme Administration Expenses are the following items:

	2016 $'m	2015 $'m
Audit Fees – The Audit Office of New South Wales (audit of the financial statements and no other services)	**0.4**	0.4
Administration Fees	**24.3**	25.4

Notes to and forming part of the financial statements
for the year ended 30 June 2016

6. INCOME TAX

Income tax expenses and assets and liabilities arising from the levying of income tax (including capital gains tax) on the Fund have been determined in accordance with the provisions of Australian Accounting Standard AASB 112 *Income Taxes.*

a) Income Tax recognised in the Statement of Changes in Net Assets	2016 $'m	2015 $'m
Current tax expense		
Provision attributable to current year	105.7	54.6
PAYG instalments paid	-	-
Adjustments for prior year	(17.1)	(5.5)
	88.6	49.1
Deferred tax asset		
Decrease/(increase) in deferred tax asset/liability	(104.9)	77.4
Total income tax expense/(benefit) in Statement of Changes in Net Assets	(16.3)	126.5
Reconciliation between tax (benefit)/expense and pre-tax Change in Net Assets before Tax		
Change in Net Assets before income tax	(965.6)	1,866.3
Income tax expense/(benefit) using the superannuation fund tax rate of 15%	(144.9)	279.9
Increase in tax expense/Decrease in tax benefit due to:		
Non-deductible benefit payments, CGT concession and investment expense	716.2	263.9
Pension related investment (gains)	(351.0)	(172.5)
Decrease in tax expense/Increase in tax benefit due to:		
Tax credits	(181.2)	(202.6)
Notional death and disability insurance premium and anti-detriment	(38.3)	(36.7)
Over provision of tax benefit in prior year	(17.1)	(5.5)
Income Tax Expense/(Benefit) on Change in Net Assets Before Tax	(16.3)	126.5

b) Deferred Tax Asset/(Liability)	2016 $'m	2015 $'m
Unrealised Capital Losses/(Gains)	(91.7)	(196.7)
Income Receivable	(1.9)	(3.3)
Contributions Receivable	(0.9)	(0.3)
Unrealised Losses/(Gains) on Traditional Securities and Foreign Exchange	(5.4)	(3.5)
Unrealised Franking Credits	24.8	23.9
Deferred Tax Asset/(Liability)	(75.1)	(179.9)

Notes to and forming part of the financial statements
for the year ended 30 June 2016

7. NET ASSETS

2016	SASS $'m	SANCS $'m	SSS $'m	PSS $'m	Total $'m
Member Reserves (1)					
Balance at Beginning of Financial Year	4,921.3	-	2,333.0	359.7	7,614.0
Increase/(Decrease) in Net Assets	(104.6)	-	(476.0)	(12.3)	(592.9)
Balance at End of Financial Year	4,816.7	-	1,857.0	347.4	7,021.1
Employer Reserves (2)					
Balance at Beginning of Financial Year	5,691.9	1,538.0	20,353.4	4,231.4	31,814.7
Increase/(Decrease) in Net Assets	(3.4)	(62.4)	(309.5)	(77.9)	(453.2)
Balance at End of Financial Year	5,688.5	1,475.6	20,043.9	4,153.5	31,361.5
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	5.6	-	-	-	5.6
Increase/(Decrease) in Net Assets	0.3	-	-	-	0.3
Balance at End of Financial Year	5.9	-	-	-	5.9
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	2,100.6	453.1	-	-	2,553.7
Increase/(Decrease) in Net Assets	76.6	19.9	-	-	96.5
Balance at End of Financial Year	2,177.2	473.0	-	-	2,650.2
Net Assets Available to Pay Benefits	12,688.3	1,948.6	21,900.9	4,500.9	41,038.7

2015	SASS $'m	SANCS $'m	SSS $'m	PSS $'m	Total $'m
Member Reserves (1)					
Balance at Beginning of Financial Year	4,806.8	-	2,629.5	350.7	7,787.0
Increase/(Decrease) in Net Assets	114.5	-	(296.5)	9.0	(173.0)
Balance at End of Financial Year	4,921.3	-	2,333.0	359.7	7,614.0
Employer Reserves (2)					
Balance at Beginning of Financial Year	5,359.7	1,498.9	19,246.0	4,048.6	30,153.2
Increase/(Decrease) in Net Assets	332.2	39.1	1,107.4	182.8	1,661.5
Balance at End of Financial Year	5,691.9	1,538.0	20,353.4	4,231.4	31,814.7
Death or Invalidity Reserves (3)					
Balance at Beginning of Financial Year	5.5	-	-	-	5.5
Increase/(Decrease) in Net Assets	0.1	-	-	-	0.1
Balance at End of Financial Year	5.6	-	-	-	5.6
Deferred Benefits Reserves (4)					
Balance at Beginning of Financial Year	1,890.5	412.0	-	-	2,302.5
Increase/(Decrease) in Net Assets	210.1	41.1	-	-	251.2
Balance at End of Financial Year	2,100.6	453.1	-	-	2,553.7
Net Assets Available to Pay Benefits	12,719.4	1,991.1	22,686.4	4,591.1	41,988.0

Notes to and forming part of the financial statements
for the year ended 30 June 2016

7. NET ASSETS (Continued)

1. The Member Reserve represents members' accounts that comprise the balance of members' contributions and net investment income earned less benefits paid that is attributed to contributor-financed benefits. Only the contributors under the *State Authorities Superannuation Scheme* are required to pay scheme administration fees.

2. The Employer Reserve represents employers' accounts that comprise the balance of employers' contributions and net investment income earned less benefits paid and scheme administration fees. In addition, the employers are also responsible for the tax liabilities levied on the employers' contributions.

3. The Death or Invalidity Reserve represents accumulated funds available to provide death or invalidity cover to members for the months during which they have public sector employment. The reserve balance is the excess of member premiums over benefits paid.

4. The Deferred Benefit Reserve represents member account balances that, on the election of the member or by default, are to remain with the Fund following the member's exit from employment in the public sector. The deferred benefit of SSS and PSS members has been included in the employer reserve of the respective Schemes.

SASS members have the option to choose the investment strategy for his or her member contributions. The option is also offered to SASS members who have deferred their benefits. Any election by a SASS deferred member applies to the member's contributor financed benefit and also to his or her employer financed benefit.

Balances of the SASS Member Reserve and the Deferred Benefit Reserve in the various investment strategies as recorded in the general ledger at the reporting date are:

	2016				
	Growth $'m	**Conservative $'m**	**Balanced $'m**	**Cash $'m**	**Total $'m**
SASS Member	**4,207.5**	**224.4**	**288.1**	**96.7**	**4,816.7**
Deferred Benefit	**2,014.3**	**275.6**	**271.6**	**88.7**	**2,650.2**
	6,221.8	**500.0**	**559.7**	**185.4**	**7,466.9**

	2015				
	Growth $'m	Conservative $'m	Balanced $'m	Cash $'m	Total $'m
SASS Member	4,302.9	234.4	285.9	98.1	4,921.3
Deferred Benefit	1,978.7	258.6	245.9	70.5	2,553.7
	6,281.6	493.0	531.8	168.6	7,475.0

Notes to and forming part of the financial statements
for the year ended 30 June 2016

8. RECEIVABLES

	2016 $'m	2015 $'m
Contributions Receivable	**19.7**	15.0
Accrued Income	**176.7**	569.8
Margin Call Deposits	**270.5**	366.1
Due from brokers – receivable for securities sold	**222.4**	46.7
Other Receivables	**0.9**	1.2
	690.2	998.8

Within receivables there is an impairment allowance of $0.7million (2015: $1.1million). This allowance relates to amounts due from members or the estates of members where it has been assessed that the prospect of the Fund recovering the amount due is reduced.

9. PAYABLES

	2016 $'m	2015 $'m
Superannuation Benefits	**47.8**	46.3
Due to brokers – payable for securities purchased	**221.9**	87.4
Investment – Other Creditors	**60.9**	43.3
Provision for Contribution Surcharge	**41.4**	47.9
Amount Payable – SAS Trustee Corporation	**8.6**	6.1
Other Payables	**0.9**	1.1
	381.5	232.1

All payables are within agreed trading terms.

Movements in the Provision for Contribution Surcharge were as follows –

	2016 $'m	2015 $'m
Opening Balance	**47.9**	54.0
Add -		
Assessment Received	**(0.3)**	(0.3)
Annual indexation	**1.1**	1.7
Less -		
Payments made to the Australian Taxation Office	**(7.3)**	(7.5)
Closing Balance	**41.4**	47.9

Notes to and forming part of the financial statements
for the year ended 30 June 2016

10. ACCRUED BENEFITS

a) Liability for Accrued Benefits

The amount of accrued benefits has been determined on the basis of the present value of expected future payments which arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to expected future salary levels and by application of a market-based, risk-adjusted discount rate and relevant actuarial assumptions. The valuation of accrued benefits was undertaken by the independent Scheme actuary as part of the statutorily required triennial actuarial review undertaken as at 30 June 2015. The financial assumptions applied for the calculations were:

	Accrued Benefits 2015 & following years % p.a
Valuation Assumptions	
Investment Return Rate	
- asset backing current pension liabilities	**7.8**
- other	**6.8**
CPI Increase Rate	**2.5**
Salary Increase Rate (long term)	**3.5**

A special short-term salary increase assumption of 3.0% p.a. has been adopted for the four years following 30 June 2015 with the long-term assumption above applying thereafter.

The review as at 30 June 2015 indicated that the unfunded liability of the Fund was $17,126.1 million.

In addition to the triennial actuarial review referred to above, the actuary also provides yearly estimates at the reporting date.

	2016			2015		
	Accrued Benefits $'m	**Net Assets Available To Pay Benefits $'m**	**Over/ (Under) Funded $'m**	Accrued Benefits $'m	Net Assets Available To Pay Benefits $'m	Over/ (Under) Funded $'m
State Authorities Superannuation Scheme	**14,436.5**	**12,688.3**	**(1,748.2)**	14,520.9	12,719.4	(1,801.5)
State Authorities Non-contributory Superannuation Scheme	**2,424.7**	**1,948.6**	**(476.1)**	2,382.3	1,991.1	(391.2)
State Superannuation Scheme	**34,887.0**	**21,900.9**	**(12,986.1)**	32,617.5	22,686.4	(9,931.1)
Police Superannuation Scheme	**7,373.3**	**4,500.9**	**(2,872.4)**	7,034.0	4,591.1	(2,442.9)
	59,121.5	**41,038.7**	**(18,082.8)**	56,554.7	41,988.0	(14,566.7)

Notes to and forming part of the financial statements
for the year ended 30 June 2016

10. ACCRUED BENEFITS (Continued)

b) Movement in the Liability for Accrued Benefits

Accrued benefits increase due to the cost of accruing benefits and the imputed cost of interest, and reduce as benefits are paid, and may vary due to changes in valuation bases and changes in experience from previous assumptions. Based on current estimates, the value of Accrued Benefits will not start to decline until after 2021.

	2016				
	SASS $'m	**SANCS $'m**	**SSS $'m**	**PSS $'m**	**Total $'m**
Balance at Beginning of Financial Year	14,520.9	2,382.3	32,617.5	7,034.0	56,554.7
Benefits Paid (net of surcharge)	**(1,306.7)**	**(306.6)**	**(2,455.1)**	**(454.0)**	**(4,522.4)**
	13,214.2	**2,075.7**	**30,162.4**	**6,580.0**	**52,032.3**
Increase in Accrued Benefits	**1,222.3**	**349.0**	**4,724.6**	**793.3**	**7,089.2**
Balance at End of Financial Year	**14,436.5**	**2,424.7**	**34,887.0**	**7,373.3**	**59,121.5**

	2015				
	SASS $'m	SANCS $'m	SSS $'m	PSS $'m	Total $'m
Balance at Beginning of Financial Year	14,232.2	2,485.3	32,176.8	7,009.8	55,904.1
Benefits Paid (net of surcharge)	(1,335.4)	(271.7)	(2,359.4)	(463.2)	(4,429.7)
Increase in Accrued Benefits	1,624.1	168.7	2,800.1	487.4	5,080.3
Balance at End of Financial Year	14,520.9	2,382.3	32,617.5	7,034.0	56,554.7

Notes to and forming part of the financial statements
for the year ended 30 June 2016

11. VESTED BENEFITS

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership at the reporting date.

	2016			2015		
	Vested Benefits $'m	**Net Assets Available To Pay Benefits $'m**	**Over/ (Under) Funded $'m**	Vested Benefits $'m	Net Assets Available To Pay Benefits $'m	Over/ (Under) Funded $'m
State Authorities Superannuation Scheme	**15,321.8**	**12,688.3**	**(2,633.5)**	15,242.7	12,719.4	(2,523.3)
State Authorities Non-contributory Superannuation Scheme	**2,788.9**	**1,948.6**	**(840.3)**	2,852.8	1,991.1	(861.7)
State Superannuation Scheme	**34,930.8**	**21,900.9**	**(13,029.9)**	32,625.1	22,686.4	(9,938.7)
Police Superannuation Scheme	**6,894.3**	**4,500.9**	**(2,393.4)**	6,178.9	4,591.1	(1,587.8)
	59,935.8	**41,038.7**	**(18,897.1)**	56,899.5	41,988.0	(14,911.5)

Vested benefits exceed net assets at 30 June 2016 and 30 June 2015. STC is working with the NSW Treasury and the Scheme actuary to facilitate the Government's stated objective to fully fund the schemes by 2030.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

12. CONTROLLED ENTITIES

The entities that comprise the SAS Trustee Corporation Pooled Fund economic entity are detailed below. The entities are special purpose trusts (except SSFSAL) established to hold some of the Fund's unlisted infrastructure and property investments.

Parent Entity
SAS Trustee Corporation Pooled Fund

	Activity	Ownership Interest 2016 %	Ownership Interest 2015 %
Controlled Entities			
State Super Financial Services Australia Limited (StatePlus formerly known as SSFSAL) [incorporated in Australia]	Financial planning and funds management	**0.0**	100.0
The following entities are managed by AMP Capital Investors Limited –			
Southern Way Unit Trust [established in Australia]	Investment entity	**100.0**	100.0
IPG Unit Trust [established in Australia]	Investment entity	**100.0**	100.0
Alfred Unit Trust [established in Australia]	Investment entity	**100.0**	100.0
Duquesne Utilities Trust [established in Australia]	Investment entity	**100.0**	100.0
The following entities are managed by EG Funds Management Pty Ltd -			
EG Core Plus Fund No. 1 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 1 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 2 [established in Australia	Investment entity	**79.0**	79.0

Notes to and forming part of the financial statements
for the year ended 30 June 2016

12. CONTROLLED ENTITIES (Continued)

	Activity	Ownership Interest 2016 %	2015 %
Controlled Entities			
EG Core Plus Fund No. 1 Holding Trust No. 3 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 4 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 5 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 6 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Holding Trust No. 7 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Holding Trust No. 8 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Ownership Trust No. 1 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Ownership Trust No. 2 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Ownership Trust No. 3 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Ownership Trust No. 4 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Ownership Trust No. 5 [established in Australia]	Investment entity	**79.0**	79.0
EG Core Plus Fund No. 1 Ownership Trust No. 6 [established in Australia]	Investment entity	**79.0**	79.0

Notes to and forming part of the financial statements
for the year ended 30 June 2016

12. CONTROLLED ENTITIES (Continued)

	Activity	Ownership Interest 2016 %	2015 %
Controlled Entities			
EG Core Plus Fund No. 1 Ownership Trust No. 7 [established in Australia]	Investment entity	**79.0**	n/a
EG Core Plus Fund No. 1 Ownership Trust No. 8 [established in Australia]	Investment entity	**79.0**	n/a
The following entities are managed by Challenger Management Services Limited –			
Pisco STC Funds Unit Trust No.1 [established in Australia]	Investment entity	**100.0**	100.0
Pisco STC Funds Unit Trust No.2 [established in Australia]	Investment entity	**100.0**	100.0
The following entities are managed by Deutsche Asset Management (Australia) Limited –			
Valley Commerce Pty Limited [incorporated in Australia]	Dormant	**100.0**	100.0
Buroba Pty Limited [incorporated in Australia]	Dormant	**100.0**	100.0
State Infrastructure Trust [established in Australia]	Investment entity	**100.0**	100.0
State Infrastructure Holdings 1 Pty Ltd [established in Australia]	Investment entity	**100.0**	100.0
The following entities are managed by Whitehelm Capital –			
LBC Unit Trust [established in Australia]	Investment entity	**100.0**	100.0
Project Cricket State Super Unit Trust [established in Australia]	Investment entity	**n/a**	100.0

Notes to and forming part of the financial statements
for the year ended 30 June 2016

12. CONTROLLED ENTITIES (Continued)

	Activity	Ownership Interest 2016 %	Ownership Interest 2015 %
Controlled Entities			
Gabriel Unit Trust [established in Australia]	Investment entity	**0.0**	100.0
SW Unit Trust [established in Australia]	Investment entity	**0.0**	100.0
The following entity is managed by Macquarie Asset Management Pty Limited –			
A-Train Trust [established in Australia]	Investment entity	**100.0**	100.0
The following entities are managed by Hastings Investment Management Pty Ltd –			
Project Cricket State Super Unit Trust [established in Australia]	Investment entity	**100.0**	n/a

Voting power held in the above entities is the same as the ownership interest.

During the year the controlled entities paid dividends and trust distributions to the parent entity of $132.4 million (2015: $76.5 million)

Notes to and forming part of the financial statements
for the year ended 30 June 2016

13. TRUSTEE BOARD INFORMATION

The Trustee of the Fund is STC. The names of the Board members of STC in office during the year ended 30 June 2016, the comparative period and up to the date of signing these accounts are as follows:

Ms C Bolger (term commenced 25 September 2015)
Mr M Carapiet (term completed 31 March 2015)
Mr A Claassens
Ms S Constant (term commenced 26 August 2015 – term completed 24 November 2015)
Ms S Dave (term commenced 24 May 2016)
Mr N Johnson (term commenced 26 June 2015)
Mr M Lambert (term completed 16 June 2015)
Mr G Maniatis (term commenced 25 September 2015)
Ms K Moses (term completed 19 March 2016 – term recommenced 31 March 2016)
Mr T O'Grady
Ms R Ramwell (term commenced 26 June 2015)
Mr P Scully (term completed 9 August 2015)
Mr G Venardos
Ms S Walsh (term completed 24 March 2015)

a) Board Members' Remuneration - All income received or due and receivable by Board members is disclosed in the financial report of STC.

b) Remuneration received or due and receivable by Board Members and Directors of the Economic Entity from Controlled Entities (refer Note 12 Controlled Entities) - All income received is disclosed in the financial report of each controlled entity.

c) Transactions entered into during the year with Board Members and their Related Entities - All transactions entered into during the year with Board members and their related entities are disclosed in the financial report of STC.

14. CONTINGENT LIABILITIES

In managing the investment portfolio the investment managers enter into various types of investment contracts that can give rise to contingent liabilities. Investment contracts are detailed in Note 16.

Two other classes of contingent liabilities potentially exist in relation to either the Trustee in its capacity as Trustee of the Fund, or the Fund itself:

(i) Legal Costs in relation to member benefit entitlement disputes, notified, but not resolved.

(ii) Legal Costs and damages arising from claims relating to the ownership and operation of physical assets.

In both cases it is impractical to estimate the financial effect or the amount of any possible recovery from third parties relating to these contingent liabilities. The Trustee is indemnified out of the assets of the Fund.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

15. SECURITIES LENDING PROGRAM

The Fund participates in a Securities Lending Program managed by the custodian. The Fund received $5.6 million (2015: $5.4 million) fee income from this program, which adds to the Fund's overall yearly return.

At 30 June, the total value of the loaned securities was $1.4 billion (2015: $1.6 billion) while the total value of the collateral was $1.5 billion (2015: $1.7 billion). The lent securities represented approximately 3.4% of the Fund's total investments (2015 approximately 6.1%), which was within the allowable limit of 25% of the lendable assets.

The collateral comprised foreign sovereign securities of $372.0 million (2015: $214.0 million) and cash of $1.1 billion (2015: $1.4 billion). The collateral is invested in a fund managed by the custodian.

The collateral may only be accessed in the event of default by the borrower of lent securities.

16. FINANCIAL INSTRUMENTS

The Fund is exposed to a variety of risk factors as a result of its investment activities. These risks include –

(a) market risk, including –

1. currency risk
2. interest rate risk
3. price risk

(b) credit risk

(c) liquidity risk.

The Fund's risk management and investment policies are designed to minimise the potential adverse effects of these risks on the Fund's financial performance.

STC has developed, implemented and maintains a Risk Management Framework (RMF) and an anti money laundering and counter terrorism financing program (AML/CTF). The RMF and AML/CTF identify the policies, procedures, processes and controls that comprise the risk management and control systems. These systems address material risks, both financial and non-financial that could potentially be faced by the Fund.

The Fund's assets are invested in accordance with the Fund's investment strategy. STC regularly reviews the investment strategy to ensure the strategy's continued relevance to the Fund's objectives given prevailing investment markets. An objective of the investment strategy is to avoid undue concentrations of risk. STC ensures that the portfolio is diversified across and within asset classes, across investment managers, countries, individual asset types and risk factors.

As required by its governing legislation, the investments of the Fund are managed by specialist fund managers. The activities of the fund managers are governed by investment instructions and investment constraints as set out in documented agreements with the fund managers or, in the case of a unit trust, a trust deed. STC constantly monitors its investment managers to ensure compliance with investment instructions and investment constraints.

For the purpose of this financial report, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments include both primary instruments (such as receivables, payables and equity securities) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps). Such derivative instruments are used for hedging purposes and to efficiently implement asset allocation changes and expose the Fund to credit risk and market risk.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

Accounting policies in respect of the Fund's financial instruments are shown below.

Accounting Policies

Recognised Instruments	Accounting policies	Terms and conditions
1. Receivables	Receivables include income receivable and unsettled sales of securities. They are carried at nominal amounts.	Sales of securities are made on various terms for different securities and in different countries. Income receivable is also settled on varying terms depending on the security and country.
2. Futures	Futures are stated at market value using the daily closing price.	The futures are equity futures.
3. Unlisted Trusts	The Net Market Value of Unlisted Trusts is determined on the basis of the withdrawal unit prices as advised by the relevant fund manager.	The terms and conditions are set out in the applicable trust constitution.
4. Unlisted Equity Interests	Unlisted Equity Interests are carried at net market value as determined by independent expert valuers.	The terms and conditions are set out in the applicable entity constitution.
5. Listed Shares and Trusts	Listed shares and trusts are carried at market value, less an amount for selling costs which would be incurred if the investments were sold. The basis for valuation of listed securities is the last sale price quoted at close of business on the last day of the period on the relevant securities exchange. Certain costs incurred in acquiring the investment, such as brokerage and stamp duty, are capitalised in the cost of the investments. Dividend income and trust distributions are recognised on the ex-date.	N/A
6. Bills of exchange and other discount securities	Carried at net market value using market rates as at 30 June.	Average maturity of 55 days with effective interest rates in the range of 1.78% to 2.10%.
7. Promissory Notes	Carried at net market value as at 30 June.	Average maturity of 89 days and have effective interest rate of 1.96%.
8. Mortgages	Mortgages are stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	N/A
9. Bank Deposits	Stated at net market value. Interest income is recognised in the Statement of Changes in Net Assets when earned.	N/A
10. Government Bonds	Carried at net market value based on discounted cash flow.	Government bonds on average mature on 23/10/2026 and have effective interest rates in the range of 0% to 8.75%.
11. Semi Government Bonds	Carried at net market value based on discounted cash flow.	Semi Government bonds on average mature on 07/07/2022 and have effective interest rates in the range of 2.50% to 8.00%.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

Accounting Policies (Continued)

Recognised Instruments	Accounting policies	Terms and conditions
12. Domestic Bonds	Carried at net market value based on discounted cash flow.	Domestic bonds on average mature on 14/12/2024 and have effective interest rates in the range of 11.00%
13. Options	Options are stated at market value using the daily closing price.	The options are all Australian and foreign Exchange Traded options.
14. Investment Purchases	Liabilities are recognised for amounts to be paid for under investment commitments.	Settlement for securities is made in accordance with investment agreements between counterparties.
15. Foreign exchange forward contracts	Foreign exchange forward contracts are undertaken to hedge against adverse foreign exchange movements. Gains or losses on these contracts are recognised through the translation of underlying transactions and/or instruments at hedge rates.	At the end of the reporting period, the Fund had various foreign exchange forward contracts open in its international portfolios.
16. Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund.	Liabilities are settled on receipt of invoices in accordance with terms thereof.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

a) Market Risk

Market risk is the risk that changes in factors such as foreign currency exchange rates (currency risk), interest rates (interest rate risk) and equity prices (price risk) will affect the Fund's income or the value of its financial instruments. Through its management of market risk STC seeks to manage and control its market risk exposures to within acceptable parameters while optimising risk adjusted returns.

In managing market risk, STC's fund managers trade in derivatives and securities. The fund managers also incur liabilities in the ordinary course of business. All such transactions are within the investment management mandates granted by STC to its managers.

a.1) Currency Risk

Currency risk is the risk that the net market value of offshore assets and future cash flows derived from existing offshore financial instruments will fluctuate because of changes in foreign exchange rates.

The Fund is exposed to currency risk on financial instruments, receivables and liabilities that are denominated in currencies other than Australian Dollars. The main currencies to which the Fund is exposed are –

- US Dollar (USD)
- Japanese Yen (JPY)
- Euro (EUR)
- Great Britain Pound (GBP)

The Fund's currency risk is managed in accordance with strict parameters as set out in its investment policy. Under the policy, investments are hedged as follows –

- listed international equities are hedged in the range of 0% to 80%
- listed international property is 100% hedged
- international bonds are hedged in the range of 0% to 100%
- unlisted international property, listed and unlisted international infrastructure and international distressed debt are hedged in the range of 0% to 100%.

STC's two currency overlay managers use a range of counterparties. If a counterparty failed to satisfy its contractual obligation to deliver on a currency hedging contract the Fund would remain exposed to the currency risk being hedged.

The hedging policy has been reviewed during the financial year to refine management of risk factors faced by the Fund through currency risk.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

a.1) Currency Risk (Continued)

The Fund's total net exposure to fluctuations in foreign currency exchange rates as at the financial year end is –

YEAR ENDED 30 JUNE 2016
NET MARKET VALUE

	USD A$'m	JPY A$'m	EUR A$'m	GBP A$'m	AUD A$'m	Other A$'m	TOTAL A$'m
Financial assets and liabilities at net market value through profit and loss	7,768.0	889.2	1,473.3	1,518.9	27,653.1	1,595.2	40,897.7
Cash	-	-	-	-	12.3	-	12.3
Receivables	122.8	5.9	10.7	14.5	499.6	36.7	690.2
Payables	(101.0)	(2.1)	(13.9)	(3.6)	(256.4)	(4.5)	(381.5)
Plant & Equipment					0.8		0.8
Tax Assets	-	-	-	-	-	-	-
Tax Liabilities	-	-	-	-	(180.8)	-	(180.8)
Net Assets	7,789.8	893.0	1,470.1	1,529.8	27,728.6	1,627.4	41,038.7

YEAR ENDED 30 JUNE 2015
NET MARKET VALUE

	USD A$'m	JPY A$'m	EUR A$'m	GBP A$'m	AUD A$'m	Other A$'m	TOTAL A$'m
Financial assets and liabilities at net market value through profit and loss	8,141.0	1,018.0	1,618.0	1,908.0	26,802.4	1,961.0	41,448.4
Cash	-	-	-	-	6.5	-	6.5
Receivables	21.0	1.0	11.0	14.0	943.8	8.0	998.8
Payables	(27.0)	-	(11.0)	(1.0)	(193.1)	-	(232.1)
Plant & Equipment	-	-	-	-	0.9	-	0.9
Tax Assets	-	-	-	-	6.5	-	6.5
Tax Liabilities	-	-	-	-	(241.0)	-	(241.0)
Net Assets	8,135.0	1,019.0	1,618.0	1,921.0	27,326.0	1,969.0	41,988.0

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

a.1) Currency Risk (Continued)

The currency risk disclosure reflects the Fund's assets that are subject to active currency management. These assets comprise both directly held investments and most of the assets held indirectly through unit trusts.

Assuming no hedging of international exposures, a 15 per cent strengthening of the Australian Dollar against the following currencies at financial year end would have decreased the monetary assets (i.e. assets that are units of currency e.g. cash and working capital items or assets that are to be received in a fixed or determinable number of units of currency e.g. fixed interest instruments) within the Fund's Change in Net Assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In practice, STC partially hedges against the adverse effects of currency movements. The analysis is calculated on the same basis for 2016 and 2015 –

All amounts are in Australian Dollars	**Change in Net Assets 30-Jun-16 $'m.**
USD	(129)
JPY	(0)
EUR	(37)
GBP	(20)
Other	(11)
	(197)

	Change in Net Assets 30-Jun-15 $'m
USD	(130)
JPY	(2)
EUR	(46)
GBP	(30)
Other	(8)
	(216)

Assuming no hedging of international exposures, a 15 per cent weakening of the Australian Dollar against the above currencies at financial year end would have the equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

a.2) Interest Rate Risk

The Fund's investments in debt and short term money market instruments are subject to interest rate risk and the return on these investments will fluctuate in accordance with movements in the interest rates.

The Fund's exposure to interest rate risk, including contractual repricing or maturity dates (whichever dates are earlier) associated with these financial instruments as at 30 June, are shown in the tables below. All other financial assets and liabilities are non-interest bearing.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

a.2) Interest Rate Risk (Continued)

YEAR ENDED 30 JUNE 2016 – INTEREST RATE RISK DISCLOSURE

	Floating Interest A$'m	Fixed Interest A$'m	Non Interest Bearing A$'m	Total (per Statement of Net Assets) A$'m
Assets				
Short Term Securities	4,843.9	-	-	4,843.9
Australian Fixed Interest	-	2,450.6	-	2,450.6
International Fixed Interest	-	803.9	-	803.9
Australian Equities	-	26.9	9,083.4	9,110.3
International Equities	-	-	11,708.8	11,708.8
Property	-	-	3,738.3	3,738.3
Alternatives	69.8	98.0	8,086.4	8,254.2
Receivables	-	-	690.2	690.2
Plant and Equipment	-	-	0.8	0.8
Tax Assets	-	-	0.0	0.0
Total Assets	4,913.7	3,379.4	33,307.9	41,601.0
Liabilities	-	-	-	-
Payables	-	-	381.5	381.5
Tax Liabilities	-	-	180.8	180.8
Total Liabilities	-	-	562.3	562.3
Net Assets	4,913.7	3,379.4	32,745.6	41,038.7

YEAR ENDED 30 JUNE 2015 – INTEREST RATE RISK DISCLOSURE

	Floating Interest A$'m	Fixed Interest A$'m	Non Interest Bearing A$'m	Total (per Statement of Net Assets) A$'m
Assets				
Short Term Securities	6,055.9	-	-	6,055.9
Australian Fixed Interest	-	2,576.3	-	2,576.3
International Fixed Interest	-	1,028.2	-	1,028.2
Australian Equities	-	62.7	9,460.3	9,523.0
International Equities	-	-	11,688.3	11,688.3
Property	-	-	3,487.1	3,487.1
Alternatives	156.5	145.5	6,794.1	7,096.1
Receivables	-	-	998.8	998.8
Plant and Equipment	-	-	0.9	0.9
Tax Assets	-	-	6.5	6.5
Total Assets	6,212.4	3,812.7	32,436.0	42,461.1
Liabilities				
Reserve Units	-	-	0.7	0.7
Payables	-	-	231.4	231.4
Tax Liabilities	-	-	241.0	241.0
Total Liabilities	-	-	473.1	473.1
Net Assets	6,212.4	3,812.7	31,962.9	41,988.0

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

a.2) Interest Rate Risk (Continued)

The effect of a 175 basis point increase in interest rates for variable rate financial assets and liabilities and a 175 basis point increase in interest rates for fixed interest securities is as follows. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is calculated on the same basis for 2016 and 2015 –

All amounts are in Australian Dollars	**Change in Net Assets 30-Jun-16 $'m**
Fixed Interest	59
Floating Interest	86
	145

	Change in Net Assets 30-Jun-15 $'m
Fixed Interest	67
Floating Interest	109
	176

A 175 Basis point decrease in interest rates at financial year end would have the equal but opposite effect on the above amounts shown above, assuming that all other variables remains constant.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

a.3) Price Risk

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment and/or its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at net market value in the Statement of Net Assets and all changes in net market value are recognised in the Statement of Changes in Net Assets, all changes in market conditions will directly affect net assets and changes in net assets.

Price risk is mitigated by the Fund having a formal investment strategy which diversifies the Fund's investments across various sectors, managers, risk factors, asset classes and countries.

The following table illustrates the effect from possible changes in price risk that were reasonably possible based on the risk to which the Fund was exposed. The sensitivity factors were developed by the Fund's Asset Consultant. The analysis is calculated on the same basis for 2016 and 2015 –

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Net Assets
		30-Jun-16
	+	$'m
Australia	38.3%	8,094
International	38.5%	4,672
Foreign exchange derivatives	15.0%	(2,247)
		10,519

All amounts are in Australian Dollars	Change in Price Risk Variable	Change in Net Assets
		30-Jun-16
	-	$'m
Australia	21.8%	(4,607)
International	21.5%	(2,609)
Foreign exchange derivatives	15.0%	2,247
		(4,969)

	Change in Price Risk Variable	Change in Net Assets
		30-Jun-15
	+	$'m
Australia	38.3%	8,001
International	38.5%	5,142
Foreign exchange derivatives	15.0%	(2,449)
		10,694

	Change in Price Risk Variable	Change in Net Assets
		30-Jun-15
	-	$'m
Australia	21.8%	(4,554)
International	21.5%	(2,872)
Foreign exchange derivatives	15.0%	2,449
		(4,977)

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

b) Credit Risk

Credit (or counterparty) risk is the risk that a counterparty will fail to perform contractual obligations to a financial instrument and cause the Fund to incur a financial loss.

The Fund is exposed to credit risk in the following areas –

- the holding of currency hedging contracts, derivatives, short term securities, Australian fixed interest securities, international fixed interest securities and cash)
- contributions receivable
- accrued income
- margin call deposits
- investment sales

The Fund's maximum exposure to credit risk at balance date in relation to each of the above listed items is the carrying amount of those assets as stated in the Statement of Net Assets.

For short term securities, Australian fixed interest securities, international fixed interest securities and cash, STC controls credit risk by explicitly setting out in its investment instructions the assets that fund managers may invest in. The restrictions are based around rating agency assessments and/or the securities that make up the relevant industry bench mark for the sector being invested in. For forward foreign exchange contracts, investment managers must deal only with counterparties that have greater than nominated rating agency assessment and are also limited to relative dollar limits with any particular counterparty to ensure that credit risk is well diversified.

Credit risk associated with contributions receivable, margin call deposits and investment sales is minimal as all have a short settlement period and –

- for contributions receivable, employer sponsors are compelled by legislation to make the payments with STC following up instances of non or late payment
- for margin call deposits STC transacts only with counterparties rated as credit worthy by credit rating agencies
- for investment sales, in line with market practice the Fund's custodian does not release the sold assets until full payment has been received from the purchaser.

STC accepts the credit risk for accrued income.

The Fund does not have significant concentrations of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. No individual investment exceeded five percent of the Fund's net assets during the years ended 30 June 2016 or 30 June 2015. Also, STC ensures that in its hedging activities it diversifies its exposure to individual counterparties.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

16. FINANCIAL INSTRUMENTS (Continued)

c) Liquidity Risk

Liquidity risk is risk that the Fund will not be able to meet its financial obligations as they fall due.

The relevant statutes require that all benefits be paid in full when they fall due.

In managing liquidity risk STC continuously monitors forecast and actual cash flows, including amounts required to fund its scheme and investment transactions and amounts expected from the Crown. Forecast Fund cash flows are based around the triennial actuarial assessment of the Fund, adjusted for actual cash flows. STC is able to estimate benefit outflows because most members cannot roll out of the Fund at will, but rather must satisfy a condition of release. The Fund maintains banking facilities adequate to allow the payment of its obligations as they fall due.

The Fund's strategic asset allocations target the following allocations to cash –

- DC Growth Option 8.0%
- DC Balanced Option 18.0%
- DC Conservative Option 43.0%
- Trustee Selection 7.0%
- University Diversified 64.0%

With the exception of reserve units the Fund's financial liabilities will all be settled within 12 months of 30 June. The ability of the Fund to pay benefits that emerge in the future is part of the Trustee's ongoing discussions with employer sponsors.

17. FAIR VALUE DISCLOSURES

The Statement of Net Assets is prepared in accordance with AAS 25 – *Financial Reporting by Superannuation Plans.* All investment assets are valued at net market values at 30 June. All other assets and other liabilities are recorded at historical cost which, in the opinion of the Trustees, approximates their net market value.

a) Assets and Liabilities by Measurement Hierarchy

For financial reporting net market value measurements are categorised into Level 1, 2 or 3 based on whether inputs to determining net market value are observable and the significance to the measurement. The levels are described as follows –

- Level 1 – quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

- Level 2 – inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

- Level 3 – inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Notes to and forming part of the financial statements
for the year ended 30 June 2016

17. FAIR VALUE DISCLOSURES (Continued)

STC has a valuation policy that sets out how all the Fund's assets are to be valued. The Policy reflects the requirements of APRA Prudential Practice Guide SPG 531 – *Valuation*. Under the policy the value of level 3 assets is the following:

- for unlisted property; unlisted shares and unlisted infrastructure, the value is determined by the manager or an STC appointed industry expert valuer using recognised valuation techniques. The most frequently used technique is discounted cash flow. The key inputs to discounted cash flow are
  - discount rate
  - cash flows.

  STC uses industry comparisons to assess the validity of discount rates and assesses advice from the responsible external fund manager to ensure the validity of cash flow information.

  STC also uses the value of comparable assets to confirm valuation assets to confirm the valuation result.

  While changing valuation assumptions would affect the valuation result, such changes are unlikely to be material to the financial report of the Fund.

- for distressed debt and hedge funds, determined by independently audited financial statements of the asset holding vehicle.

All disclosures in the following tables use net market value as a materially correct estimate of fair value.

There were no assets transferred between the above levels, including levels one and two, during the year ended 30 June 2016 or the year ended 30 June 2015.

The following tables categorise the Scheme's assets and liabilities using the above valuation hierarchy (excluding the liquidity balances held by the custodian in individual asset classes).

Notes to and forming part of the financial statements
for the year ended 30 June 2016

17. FAIR VALUE DISCLOSURES (Continued)

a) Assets and Liabilities by Measurement Hierarchy (Continued)

YEAR ENDED 30 JUNE 2016

	Level 1 A$'m	Level 2 A$'m	Level 3 A$'m	Total A$'m
Assets				
Short Term Securities	2,044.5	6.0	-	2,050.5
Australian Fixed Interest	2.7	2,740.7	-	2,743.4
International Fixed Interest	(1.4)	835.7	-	834.3
Australian Equities	9,171.8	549.1	-	9,720.9
International Equities	9,026.2	2,097.6	974.2	12,098.0
Property	1,113.3	618.3	1,957.6	3,689.2
Alternatives	470.1	3,123.4	3,742.3	7,335.8
Total	21,827.2	9,970.8	6,674.1	38,472.1

YEAR ENDED 30 JUNE 2015

	Level 1 A$'m	Level 2 A$'m	Level 3 A$'m	Total A$'m
Assets				
Short Term Securities	2,443.7	197.8	-	2,641.5
Australian Fixed Interest	30.9	2,624.8	-	2,655.7
International Fixed Interest	(0.1)	1,004.0	-	1,003.9
Australian Equities	9,961.4	445.5	0.1	10,407.0
International Equities	9,963.0	2,040.2	1,007.7	13,010.9
Property	948.2	715.6	1,653.8	3,317.6
Alternatives	622.1	2,266.9	4,281.2	7,170.2
Total	23,969.2	9,294.8	6,942.8	40,206.8

The following table presents the changes in assets and liabilities classified as Level 3 instruments for the year ended 30 June.

	2016 A$'m	2015 A$'m
Balance at 1 July	6,942.8	5,063.9
Total gains and losses recognised in Statement of Changes in Net Assets	772.7	608.2
Purchases	314.3	1,330.5
Redemptions/Disposals	(1,355.7)	(59.8)
Balance at 30 June	6,674.1	6,942.8

Notes to and forming part of the financial statements
for the year ended 30 June 2016

17. FAIR VALUE DISCLOSURES (Continued)

a) Assets and Liabilities by Measurement Hierarchy (Continued)

The following table presents the gains and losses on assets and liabilities classified as Level 3 instruments for the year ended 30 June.

	2016 A$'m	2015 A$'m
Assets and liabilities realised during the year	382.2	(0.5)
Assets and liabilities still held during the year	390.5	608.7
Total	772.7	608.2

These items are reflected in the Statement of Changes in Net Assets under Investment Revenue.

18. COMMITMENTS

As at 30 June 2016 the Fund had commitments for uncalled additions to existing investments of $320 million (2015 $373 million). The amounts can be called at the discretion of the fund managers involved and will be funded from the cash holdings of the Fund's diversified investment options.

19. INVESTMENT MANAGERS OF THE FUND DURING 2016 AND 2015

- Artisan Partners Limited Partnership
- Altrinsic Global Advisors LLC
- AMP Capital Investors Limited
- AQR Capital Management, LLC
- Arrowstreet Capital LP (via Macquarie Investment Management Ltd)
- Axiom International Investors LLC
- Balanced Equity Management Pty Limited
- Blackrock Investment Management Australia Limited
- BT Investment Management (Institutional) Limited
- Citigroup Global Markets Australia Limited
- Cooper Investors Pty Limited
- Colonial First State Asset Management (Australia) Limited
- DEXUS Funds Management Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. INVESTMENT MANAGERS OF THE FUND DURING 2016 AND 2015 (Continued)

- Deutsche Australia Limited
- Ellerston Capital Limited
- EG Funds Management Pty Ltd
- Franklin Templeton Investments Australia Limited
- Fulcrum Asset Management (2016 only)
- Genesis Asset Managers, LLP
- GMO Australia Limited
- Harris Associates LP
- Hastings Investment Management Pty Limited
- Hexavest Inc.
- Hyperion Asset Management Limited
- Investec Asset Management Limited
- Kaplan Funds Management Pty Limited
- LaSalle Investment Management (via Equity Trustees Limited)
- LaSalle Investment Management (Securities) LP
- Lazard Asset Management Pacific Co
- Macquarie Investment Management Ltd
- Macquarie Specialised Asset Management Limited
- Maple-Brown Abbott Ltd
- Morgan Stanley Investment Management Limited
- New South Wales Treasury Corporation
- Northcape Capital Pty Ltd
- Pareto Investment Management Limited
- Perennial Value Management Limited
- Pinebridge Investments (2016 only)
- Platypus Asset Management Pty Ltd
- Pyford International (2016 only)
- RARE Infrastructure Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2016

19. INVESTMENT MANAGERS OF THE FUND DURING 2016 AND 2015 (Continued)

- Realindex Investments Pty Limited
- Robeco
- ROC Partners
- Schroders Investment Management Australia Limited
- Siguler Guff DOF III GP LLC
- Siguler Guff DOF IV GP LLC
- SG Hiscock & Company Limited
- State Street Bank and Trust Company
- State Street Global Advisors, Australia, Limited
- Trilogy Global Advisors, LP (via Orion Asset Management Services Pty Limited)
- Trilogy Global Advisors, LLC
- UBS Global Asset Management (Australia) Ltd
- Vanguard Investments Australia Ltd
- Wellington Management Australia Pty Ltd
- Wasatch Advisors
- Whitehelm Capital

20. EVENTS AFTER THE REPORTING DATE

There have been no events between 30 June 2016 and the date of approval of these financial statements that would require any disclosures in the final statements.

End of Audited Financial Statements

Part H
Financial statements of the controlled entities of the Pooled Fund

STATE SUPER A-TRAIN TRUST
SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

MACQUARIE

Special Purpose Financial Report
for the year ended 30 June 2016

Special Purpose Financial Report
for the year ended 30 June 2016

Contents

Special Purpose Financial Report
for the year ended 30 June 2016

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Mandated Assets Committee's Report
for the year ended 30 June 2016

Mandated Assets Committee's Report

In respect of the year ended 30 June 2016, the following Special Purpose Financial Report for the State Super A-Train Trust ("the Trust") is submitted by the Mandated Assets Committee ("the Committee") of Macquarie Specialised Asset Management Limited ("the Trustee"). The Committee has been delegated this authority by the Directors of the Trustee.

Directors

The following persons have held office as Directors of the Trustee during the whole year and up to the date of this report:

- Martin Stanley
- Francis Kwok
- Anthony Shepherd
- Penelope Bingham-Hall
- Grant Smith as Alternate Director for Martin Stanley

There were no units held directly, indirectly or beneficially by Directors at the date of this report.

Principal Activity

The principal activity of the Trust is to invest in the Arlanda Express, a high speed train link between Arlanda Airport and Stockholm City, in accordance with the Trust Constitution.

There were no significant changes in the nature of the Trust's activities during the period not otherwise disclosed in this report.

Review of Operations and Results

The performance of the Trust, as represented by the results of its operations, was as follows:

	2016 $'000	2015 $'000
Total revenue and other income	36,923	30,131
Profit before amounts attributable to unitholders	36,923	30,131

Mandated Assets Committee's Report
for the year ended 30 June 2016

Dividends

The distributions paid/payable were as follows:

	2016 $'000	2015 $'000
Distributions paid and proposed during the year		
Interim distribution for the year ended 30 June 2016 of 2.9231 cents per unit paid on 4 August 2015	7,454	-
Interim distribution for the year ended 30 June 2016 of 0.4953 cents per unit paid on 23 December 2015	1,263	-
Final distribution for the year ended 30 June 2016 payable of 4.7360 cents per unit*	12,078	-
Interim distribution for the year ended 30 June 2015 of 6.4595 cents per unit paid on 5 August 2014	-	16,473
Interim distribution for the year ended 30 June 2015 of 6.8230 cents per unit paid on 9 January 2015	-	17,400
Final distribution for the year ended 30 June 2015 of 1.1536 cents per unit paid on 4 August 2015**	21	2,921
	20,816	36,794

* A final distribution for the year ended 30 June 2016 of $11.734 million (4.6011 cents per unit) was paid on 15 July 2016
** A final distribution for the year ended 30 June 2015 of $2.942 million was paid on 4 August 2015 ($0.021 million in excess of amount provided for at 30 June 2015)

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Trust that occurred during the period under review.

Events after the Reporting Period

The Trust made a final distribution payment of $11.734 million for the year ended 30 June 2016 on 15 July 2016.

At the date of this report, there is no other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust subsequent to 30 June 2016 not otherwise disclosed in this report.

Likely Developments and Expected Results of Operations

Disclosure of information relating to the future developments in the operations and the expected results of these operations in future years of the Trust have not been included in the report because the Committee believe it may result in unreasonable prejudice to the Trust.

Interests in the Trust

The movement in units on issue in the Trust during the period is as set out below:

	As at 30 Jun 2016 Units	As at 30 Jun 2015 Units
Units on issue at the beginning of the period	255,018,323	255,018,323
Units on issue at the end of the period	255,018,323	255,018,323

No interests in the Trust were held by the Trustee or its associates during the period (2015: Nil).

Value of Assets

	As at 30 Jun 2016 $'000	As at 30 Jun 2015 $'000
Value of Trust assets	276,540	251,276

The value of the Trust's assets is derived using the basis set out in Note 1 to the Special Purpose Financial Report.

Mandated Assets Committee's Report
for the year ended 30 June 2016

Rounding of Amounts in the Mandated Assets Committee's Report and Special Purpose Financial Report

Amounts in the Special Purpose Financial Report have been rounded to the nearest thousand dollars unless otherwise indicated.

This report is made in accordance with a resolution of the Mandated Assets Committee.

Francis Kwok
Director

Macquarie Specialised Asset Management Limited as Trustee of State Super A-Train Trust and Chair of the Mandated Assets Committee

Sydney
2 September 2016

Special Purpose Financial Report
for the year ended 30 June 2016

Statement of Comprehensive Income

	Note	2016 $'000	2015 $'000
Revenue and other income			
Revenue	3	5	170
Other income	3	36,918	29,961
Total revenue and other income		36,923	30,131
Operating expenses			
Administration expenses	3	-	-
Total operating expenses		-	-
Profit before amounts attributable to unitholders		36,923	30,131
Finance costs attributable to unitholders			
Distributions to unitholders	7	(20,816)	(36,794)
(Increase)/Decrease in net assets attributable to unitholders	8	(16,107)	6,663
Profit attributable to unitholders		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Special Purpose Financial Report
as at 30 June 2016

Statement of Financial Position

	Note	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	4	48	42
Receivables	5	12,078	2,897
Total current assets		12,126	2,939
Non-current assets			
Financial assets held at fair value through profit or loss	6	264,414	248,337
Total non-current assets		264,414	248,337
Total assets		276,540	251,276
Current liabilities			
Distributions payable	7	12,078	2,921
Total current liabilities		12,078	2,921
Total liabilities (excluding net assets attributable to unitholders)		12,078	2,921
Net assets attributable to unitholders - liability	8	264,462	248,355
Reconciliation to net asset value as reported to investors			
Adjustments		-	-
Net asset value as reported to investors		264,462	248,355

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Special Purpose Financial Report
for the year ended 30 June 2016

Statement of Changes in Equity

	Total $'000
Total equity at 1 July 2014	-
Profit attributable to unitholders	-
Other comprehensive income	-
Total comprehensive income	-
Total equity at 30 June 2015	-
Total equity at 1 July 2015	-
Profit attributable to unitholders	-
Other comprehensive income	-
Total comprehensive income	-
Total equity at 30 June 2016	-

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Special Purpose Financial Report
for the year ended 30 June 2016

Statement of Cash Flows

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Interest received from cash and cash equivalents		5	226
Distribution received		11,561	17,504
Net cash inflow from operating activities	9	11,566	17,730
Cash flows from investing activities			
Investment in financial assets held at fair value through profit or loss		-	(238,758)
Net cash outflow from investing activities		-	(238,758)
Cash flows from financing activities			
Distributions paid		(11,659)	(33,930)
Net cash outflow from financing activities		(11,659)	(33,930)
Net decrease in cash and cash equivalents		(93)	(254,958)
Cash and cash equivalents at the beginning of the year		42	255,000
Effects of foreign currency exchange rate changes on cash and cash equivalents		99	-
Cash and cash equivalents at the end of the year	4	48	42

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Special Purpose Financial Report
for the year ended 30 June 2016

Notes

1 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of this Financial Report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

This Financial Report covers State Super A-Train Trust ("the Trust") as an individual entity. The entity is a for profit organisation. The Trust is not a reporting entity because there are no users dependent on general purpose financial reports.

This special purpose Financial Report has been prepared for the purposes of complying with the requirements of the Trust's constituent documents to prepare and distribute a special purpose Financial Report to the unitholder and must not be used for any other purpose. The accounting policies adopted are appropriate to meet the needs of the members.

This special purpose Financial Report has not been audited.

Historical cost convention

This Financial Report has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities held at fair value with changes in fair value recognised through the Statement of Comprehensive Income.

(b) Critical accounting estimates and significant judgements

The preparation of Financial Report in accordance with Australian Accounting Standards as adopted by the Trust requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Trust's accounting policies.

The area involving a higher degree of judgement or complexity is the subsequent measurement of investments in financial assets measured at fair value through profit or loss, which are measured at estimated fair value. Refer to note 1(j) and note 6 for further information on the valuation of investments.

(c) Standards, interpretations and amendments to published standards not yet effective

There are no new accounting standards, interpretations or amendments to published standards not yet effective which are expected to have an impact on the Financial Report provided for the Trust.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Report of the Trust are measured using the currency of the primary economic environment in which the Trust operates ("the functional currency"). The Financial Report is presented in Australian dollars, which is the Trust's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Special Purpose Financial Report
for the year ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(e) Revenue and other income

Gains or losses on financial assets held at fair value through profit or loss represent changes in the fair value of investments and associated interest bearing financial assets. Income relating to these investments is brought to account as described in Note1(j). Interest income on cash and cash equivalents is recognised as it accrues in accordance with the effective interest method.

(f) Expenses

All expenses are recognised on an accrual basis.

(g) Income tax

Income tax has not been brought to account in respect of the Trust as, pursuant to the *Income Tax Assessment Act 1936*, the Trust is not liable for income tax provided that its distributable income is fully distributed to unitholders each year.

Financial assets held at fair value may include unrealised gains. Should such a gain be realised, that portion of the gain that is assessable for tax will be included in the distributable income such that the Trust is not subject to tax on it.

Realised losses are not distributed to unitholders but are retained in the Trust for possible offset against other income or gains.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Receivables

Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value and subsequently measured at amortised cost less any provision for doubtful debts. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end where there is objective evidence of impairment. Bad debts are written off in the period in which they are identified.

(j) Investments in financial assets at fair value through profit or loss

Investments in unlisted companies, including associated loans and interest bearing securities, are designated as "financial assets at fair value through profit or loss" upon initial recognition, as they are managed and their performance evaluated on a fair value basis.

The Trust recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets at fair value through profit or loss are also subsequently measured at fair value. Changes in the fair value of investments, both positive and negative, are recognised in the Statement of Comprehensive Income.

Special Purpose Financial Report
for the year ended 30 June 2016

1 Summary of Significant Accounting Policies (continued)

(j) Investments in financial assets at fair value through profit or loss (continued)

Interest, dividends and other distributions received from investments are credited against the carrying value of relevant investments when received.

Changes in the fair value of investments denominated in a foreign currency and classified as "financial assets at fair value through profit or loss" are analysed between translation differences resulting from changes in foreign currency translation of the investment and other changes in the fair value of the investment.

(k) Derivative financial instruments

The Trust enters into forward exchange contracts from time to time.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are not designated as hedges and any changes in their fair value are recognised immediately in the Statement of Comprehensive Income.

(l) Payables

Liabilities are recognised at fair value when the Trust becomes obliged to make future payments as a result of a purchase of assets or services, whether or not billed to the Trust.

(m) Unitholders' funds

Each unit is entitled to a pro-rata share of the net assets of the Trust upon its liquidation. Unitholders are presently entitled at the end of the year to distributable income of the Trust for that year. Accordingly, net assets attributable to unitholders are classified as a financial liability rather than equity, and is presented as a non-current liability called "Net Assets Attributable to Unitholders", which is measured at fair value.

(n) Distributions

Distributions paid are recognised as finance costs attributable to unitholders.

A provision for distribution to unitholders at the end of the year is made to the extent that any obligation exists at that time pursuant to the Trust constituent documents to pay distributions to unitholders.

(o) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(p) Rounding of amounts in the Financial Report

Amounts in the Financial Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Special Purpose Financial Report
for the year ended 30 June 2016

2 Trust Formation and Termination

The Trust was established on 30 May 2014 and the Trustee at any time may, with the consent of the unitholders, terminate the Trust by written notice to them with effect from the termination date as specified in the notice. The unitholders may also terminate the Trust in accordance with the Trust constituent documents.

3 Profit for the Period

	2016 $'000	2015 $'000
Revenue		
Interest income	5	170
	5	170
Other income		
Revaluation of investment	36,845	29,961
Net Foreign exchange gain on non-investment balances	73	-
	36,918	29,961
Total revenue and other income	36,923	30,131
Administration expenses		
Administration expenses	-	-
	-	-
Total operating expenses	-	-

4 Cash and Cash Equivalents

	2016 $'000	2015 $'000
Cash at bank	48	42
	48	42

5 Receivables

	2016 $'000	2015 $'000
Distribution receivable	12,078	2,897
	12,078	2,897

6 Financial Assets Held at Fair Value through Profit or Loss

Fair value is determined in accordance with a valuation provided by an independent valuation specialist. A valuation report for 30 June 2016 was provided by KPMG, dated 1 July 2016. Discounted cash flow ("DCF") analysis was the methodology applied by the independent valuation specialist which is the generally accepted methodology for valuing infrastructure assets and the basis upon which market participants have derived valuations for infrastructure asset transactions. DCF is the process of estimating future cash flows that are expected to be generated by an asset, and discounting these cash flows to their present value by applying an appropriate discount rate. The discount rate applied to cash flows of a particular asset comprises the risk free interest rate appropriate to the country in which the asset is located and a risk premium, reflecting the uncertainty associated with the cash flows and/or the return over the risk free rate which an investor would require on the asset. The risk free rate is determined using the yields on long dated government bonds in the relevant jurisdiction at the valuation date.

Movements in Value of Investments

2016	Ownership interest	Opening balance	Additional investments made	Distributions received/ receivable	Net gains on financial assets: Foreign exchange effects	Net gains on financial assets: Revaluation	Closing balance
		$'000	$'000	$'000	$'000	$'000	$'000
Ipanema Capital Markets Sarl ("Ipanema") and Portare 1 AB ("Portare")	**100.0% in Ipanema and 37.5% in Portare (on a look through basis)**	**248,337**	**-**	**(20,768)**	**3,090**	**33,755**	**264,414**

2015	Ownership interest	Opening balance	Additional investments made	Distributions received/ receivable	Net gains on financial assets: Foreign exchange effects	Net gains on financial assets: Revaluation	Closing balance
		$'000	$'000	$'000	$'000	$'000	$'000
Ipanema Capital Markets Sarl ("Ipanema") and Portare 1 AB ("Portare")	100.0% in Ipanema and 37.5% in Portare (on a look through basis)	18	238,773	(20,416)	(379)	30,341	248,337

7 Distributions Paid and Payable to Unitholder

The distributions paid/ payable were as follows:

	2016 $'000	2015 $'000
Balance at the beginning of the year	**2,921**	57
Provided for during the year	**20,816**	36,794
Paid during the year	**(11,659)**	(33,930)
Balance at the end of the year	**12,078**	2,921
Distributions paid and proposed during the year		
Interim distribution for the year ended 30 June 2016 of 2.9231 cents per unit paid on 4 August 2015	7,454	-
Interim distribution for the year ended 30 June 2016 of 0.4953 cents per unit paid on 23 December 2015	1,263	-
Final distribution for the year ended 30 June 2016 payable of 4.7360 cents per unit*	12,078	-
Interim distribution for the year ended 30 June 2015 of 6.4595 cents per unit paid on 5 August 2014	-	16,473
Interim distribution for the year ended 30 June 2015 of 6.8230 cents per unit paid on 9 January 2015	-	17,400
Final distribution for the year ended 30 June 2015 of 1.1536 cents per unit paid on 4 August 2015**	21	2,921
	20,816	36,794

* A final distribution for the year ended 30 June 2016 of $11.734 million (4.6011 cents per unit) was paid on 15 July 2016

** A final distribution for the year ended 30 June 2015 of $2.942 million was paid on 4 August 2015 ($0.021 million in excess of amount provided for at 30 June 2015)

Special Purpose Financial Report
for the year ended 30 June 2016

8 Net Assets Attributable to Unitholders

	2016 $'000	2015 $'000
Balance at the beginning of the year	248,355	255,018
Increase / (Decrease) in net assets attributable to unitholders	16,107	(6,663)
Balance at the end of the year	264,462	248,355

9 Notes to the Statement of Cash Flows

	2016 $'000	2015 $'000
Reconciliation of profit to net cash flow from operating activities		
Profit attributable to unitholders	-	-
Increase/(Decrease) in net assets attributable to unitholders	16,107	(6,663)
Gains on financial assets held at fair value through profit or loss	(36,845)	(29,962)
Distributions to unitholders	20,816	36,794
Net foreign exchange differences	(73)	-
Distributions received	11,561	17,504
Net change in receivables	-	57
Net cash inflow from operating activities	11,566	17,730

Non-cash financing and investing activities

The Trust did not have any non-cash financing and investing activities in the current year. During the previous year ended 30 June 2015 non-cash financing and investing activities were $Nil.

10 Events After the Reporting Period

The Trust made a final distribution payment of $11.734 million for the year ended 30 June 2016 on 15 July 2016.

At the date of this report, there is no other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust subsequent to 30 June 2016 not otherwise disclosed in this report.

Special Purpose Financial Report
for the year ended 30 June 2016

Statement by the Trustee of State Super A-Train Trust

As stated in Note 1(a) to the Special Purpose Financial Report, the Trust is not considered a reporting entity because there are no users dependent on general purpose financial reports.

The Special Purpose Financial Report has been prepared to meet the requirements of the Trust's constituent documents.

The Report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

Upon delegation by the Trustee Board to the Mandated Assets Committee, the Committee is satisfied that:

(a) the Special Purpose Financial Report and notes set out on pages 4 to 13:

  (i) comply with Accounting Standards and other mandatory professional reporting requirements as detailed above, and

  (ii) give a true and fair view of the Trust's financial position as at 30 June 2016 and of its performance for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Mandated Assets Committee.

Francis Kwok
Director

Macquarie Specialised Asset Management
Limited as Trustee of State Super A-Train Trust
and Chair of the Mandated Assets Committee

Sydney
2 September 2016

ALFRED UNIT TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

AMP Capital Investors Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 001 777 591

ALFRED UNIT TRUST

TABLE OF CONTENTS

ALFRED UNIT TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016 $	30 June 2015 $
INVESTMENT INCOME		
Dividends	10,117,099	4,375,000
Interest income	672,556	665,672
Net changes in the fair value of financial instruments measured at fair value through profit or loss	44,275,567	18,605,195
Total Investment income/(loss)	55,065,222	23,645,867
EXPENSES		
Other expenses	-	(11)
Total expenses	-	(11)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS	55,065,222	23,645,856
Finance costs attributable to unitholders		
Distributions to unitholders	(10,785,675)	(5,040,761)
(Increase)/decrease in net assets attributable to unitholders	(44,279,547)	(18,605,095)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS	-	-
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	-	-

ALFRED UNIT TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016	30 June 2015
		$	$
ASSETS			
Cash and cash equivalents	4(a)	164,801	2,789,897
Receivables	2	9,110	223
Loans and advances		17,473,647	7,356,548
Financial assets measured at fair value through profit or loss			
Unlisted equity securities		198,219,178	153,943,611
TOTAL ASSETS		215,866,736	164,090,279
LIABILITIES			
Distributions payable		10,286,842	2,789,932
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		10,286,842	2,789,932
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		205,579,894	161,300,347

ALFRED UNIT TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	$	$
Balance at the beginning of the financial year	161,300,347	142,695,252
Increase/(decrease) in net assets attributable to unitholders	44,279,547	18,605,095
Balance at the end of the financial year	205,579,894	161,300,347

ALFRED UNIT TRUST

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		-	4,375,000
Interest income received		663,669	665,796
GST received/(paid)		-	(1)
Other expenses paid		-	(11)
Net cash inflow/(outflow) from operating activities	4(b)	663,669	5,040,784
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(3,288,765)	(3,817,760)
Net cash inflow/(outflow) from financing activities		(3,288,765)	(3,817,760)
Net increase/(decrease) in cash and cash equivalents held		(2,625,096)	1,223,024
Cash and cash equivalents at the beginning of the financial year		2,789,897	1,566,873
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4(a)	164,801	2,789,897

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The Alfred Unit Trust (the "Trust") is an unregistered unit trust. AMP Capital Investors Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at 33 Alfred Street, Sydney, NSW 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year is the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities

The fair value of unlisted equity securities is determined by the Investment Manager using the discounted cash flow methodology. This methodology has been approved by the Trustee.

(d) Loans and Advances

Loans and advances to customers include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and advances are initially recognised at fair value and are subsequently remeasured to amortised cost using the effective interest method, less any allowances for impairment. Amortised cost is determined by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest method. Ongoing reviews of asset values are conducted to assess for any indicators of impairment during the financial year. Where the carrying value exceeds the recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

(e) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets and derivative financial instruments is set out in Note 1(b) and 1(c) respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Significant Accounting Judgements, Estimates and Assumptions (continued)

Impairment of financial assets

The Trust assesses at each balance date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(f) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Interest income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(g) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(h) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(j) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at their nominal amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off when identified less any allowance for doubtful debts. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(k) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. Net assets attributable to unitholders are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(l) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from net changes in the fair value of financial assets and derivative financial instruments, accrued income not yet assessable, expenses provided for or accrued but not yet deductible, tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

(n) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(o) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

– have their units redeemed

– receive income distributions

– attend and vote at meetings of unitholders

– participate in the termination and winding up of the Trust.

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the redemption price per unit less any estimated transaction costs.

(p) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

NOTE 2: RECEIVABLES

Interest receivable	9,109	222
GST receivable	1	1
	9,110	223

NOTE 3: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The movement in the number of units on issue during the financial year was as follows:

	30 June 2016 Units	30 June 2015 Units
Units on Issue		
Opening balance	87,724,277	87,724,277
Closing balance	87,724,277	87,724,277

NOTE 4: CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:

	30 June 2016 $	30 June 2015 $
Cash at bank	164,801	2,789,897
	164,801	2,789,897

(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities

Net profit/(loss) attributable to unitholders before finance costs	55,065,222	23,645,856
Proceeds from sales of financial instruments measured at fair value through profit or loss	-	-
Payments for purchases of financial instruments measured at fair value through profit or loss	-	-
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(44,275,567)	(18,605,195)
Investment income reinvested	(10,117,099)	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(8,887)	123
Net cash inflow/(outflow) from operating activities	663,669	5,040,784

(c) Non-cash financing and operating activities

Non-cash financing and operating activities carried out during the financial year on normal commercial terms and conditions included:

Participation in reinvestment plans - Loans and advances	10,117,099	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 5: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2016 (30 June 2015: nil).

NOTE 6: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2016 there have been no other matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 7: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Alfred Unit Trust for the financial year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors of AMP Capital Investors Limited on 8 September 2016.

ALFRED UNIT TRUST

STATEMENT BY THE TRUSTEE

In accordance with a resolution of the Directors of AMP Capital Investors Limited, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

  (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

  (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

8 September 2016, Sydney

AUDITOR-GENERAL
NEW SOUTH WALES

Mr Andrew Barlass
Ms Sara Leong
Directors
Buroba Pty Ltd
c/- Deutsche Australia Limited
GPO Box 7033
SYDNEY NSW 2000

Contact: James Sugumar
Phone no: 02 9275 7288
Our ref: D1617872/1092

10 August 2016

Dear Directors

STATUTORY AUDIT REPORT

Audit for the year ended 30 June 2016

Buroba Pty Ltd

I have audited the financial statements of Buroba Pty Ltd (the Company) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2016, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Company. The PF&A Act requires that I send this report to the Company, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Company's financial statements. I enclose the Independent Auditor's Report, together with the Company's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on the Company's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Misstatements in the Financial Statements

The financial statements did not contain any misstatements.

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes will be reported in the Statutory Audit Report
- if matters of governance interest and significant misstatements are identified during the audit, the Auditing Standards require me to bring such matters to your attention and that of others charged with governance
- statutory obligations require the Auditor-General to report misstatements which resulted from or were not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Company.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on the Company's financial statements. This includes testing whether the Company has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Publication of the Statutory Audit Report

I consider this Statutory Audit report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. Under Schedule 1(6) of this Act, you should ask for consent from the Audit Office before publicly releasing this report. You may also need to seek approval from the Minister and the Treasurer before publicly releasing this report.

Acknowledgment

I thank the staff of Deutsche Australia Limited for their courtesy and assistance.

Yours sincerely

James Sugumar

James Sugumar
Director, Financial Audit Services

BUROBA PTY LTD

A.C.N. 065 388 150

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Contents:

INDEPENDENT AUDITOR'S REPORT

Buroba Pty Ltd

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Buroba Pty Ltd (the Company), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' statement.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Company in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based of the financial statements.

I conducted my audit in accordance with the Australian Auditing Standards, which require me to exercise professional judgement and maintain professional scepticism throughout the audit. I must also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to respond to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- conclude on the appropriateness of the directors' use of the going concern basis of accounting by obtaining audit evidence to identify whether material uncertainty exists. Events or conditions may cast significant doubt on the Company's ability to continue as a going concern. If I conclude material uncertainty exists, I must draw attention to the relevant financial statement disclosures in my Independent Auditor's Report. If the disclosures are inadequate, I must modify my opinion. My conclusions are based on audit evidence obtained up to the date of my Independent Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the transactions and events are fairly presented in the financial statements.

I communicate with the Directors about:

- the planned scope and timing of the audit
- significant audit findings including significant internal control deficiencies identified during my audit.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

James Sugumar
Director, Financial Audit Services

10 August 2016
SYDNEY

BUROBA PTY LTD

A.C.N. 065 388 150

DIRECTOR'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I declare on behalf of Buroba Pty Ltd that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Buroba Pty Ltd as at 30 June 2016.

2. The financial statements have been prepared in accordance with the Australian Accounting standards, the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 10th day of August 2016 in accordance with a resolution of the Directors.

Director ....
Name: ANDREW BARLASS

Director ....
Name: SARA LEONG

BUROBA PTY LTD

A.C.N. 065 388 150

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue		-	-
Expense		-	-
Profit from Continuing Operations before Income Tax		-	-
Income tax expense		-	-
Profit for the year		-	-
Other comprehensive income		-	-
Income tax expense on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BUROBA PTY LTD

A.C.N. 065 388 150

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 $	2015 $
Current Assets			
Cash and Cash Equivalents		2	2
Total assets		2	2
Total liabilities		-	-
Net assets		2	2
Equity			
Contributed Equity	4	2	2
Total equity		2	2

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

BUROBA PTY LTD

A.C.N. 065 388 150

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Total equity at the beginning of the financial year		2	2
Profit for the year		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-
Transactions with equity holders in their capacity as equity holders		-	-
Total transactions with equity holders		-	-
Total equity at the end of the financial year		2	2

The above Statement of Changes In Equity should be read in conjunction with the accompanying notes.

BUROBA PTY LIMITED

A.C.N. 065 388 150

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$	$
Cash flows from operating activities		
Net cash flows from operating activities	-	-
Cash flows from investing activities		
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net increase/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the financial year	2	2
Cash and cash equivalents at the end of the financial year	2	2

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

BUROBA PTY LTD

A.C.N. 065 388 150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

1. Principal Activity

Buroba Pty Ltd (the Company) has been dormant during the twelve months ended 30 June 2016 and the twelve months ended 30 June 2015.

The Company is 100% owned by SAS Trustee Corporation (STC). The Company is a special purpose company set up to be able to enforce the coal royalty rights owned by STC.

The Directors have determined the Company to be a for-profit entity for financial reporting purposes.

The financial statements were authorised by the Directors on 10th August 2016.

2. Significant Accounting Policies

Basis of Accounting

The Company's financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with:

- *the Public Finance and Audit Act 1983*
- *the Public Finance and Audit Regulation 2015*
- Australian Accounting Standards and Australian Accounting Interpretations

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest dollar and are expressed in Australian currency.

Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Revenue Recognition

Revenue is recognised when the entity gains control of the good or right to receive, it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably.

Employee Benefits

The Company has no employees.

BUROBA PTY LTD

A.C.N. 065 388 150

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016**

Notes to the Financial Statements (continued)

Insurance

The Company has no insurance activities.

Accounting for the Goods and Services Tax (GST)

The Company had no transactions during the year.

Receivables

Receivables at 30 June 2016 was nil (30 June 2015: nil).

Payables

Payables represent outstanding liabilities for goods and services received by the Company at 30 June 2016.

3. Auditor's Remuneration

	30 June 2016 $	30 June 2015 $
Total amount payable to the auditors of the Company for:		
(a) Audit of the financial statements	3,000	3,000
(b) Other services	-	-
	3,000	3,000

Audit Fees of the Company are paid by the parent entity of the Company – SAS Trustee Corporation (STC).

The auditor of the Company is The Audit Office of NSW.

4. Contributed Equity

Contributed equity represents issued capital comprising 2 shares at $1.00 each, the same in 2015.

BUROBA PTY LTD

A.C.N. 065 388 150 .

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

Notes to the Financial Statements (continued)

5. Contingent Liabilities

The Company has no contingent liabilities at 30 June 2016 (2015: nil).

6. Commitments for Expenditure

The Company has no commitment for capital or lease expenditure at 30 June 2016 (2015: nil).

7. Financial Reporting by Segments

The Company continues to operate in one geographical area being NSW, Australia.

8. Key Management Personnel Compensation

	30 June 2016 $	30 June 2015 $
Total due and payable by the Company	-	-

9. Related Party Information

(a) SAS Trustee Corporation owns 100% of the shares of the Company since 15 July 1997.

(b) The names of the Directors of the Company in office during the year ended 30 June 2016 and up to the date of signing these financial statements are:

- Ms Sara Leong (appointed 23 July 2015)
- Mr Andrew Barlass (appointed 23 July 2015)

BUROBA PTY LTD

A.C.N. 065 388 150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

Notes to the Financial Statements (continued)

Material Assistance Provided at no cost to the Company

Provided by STC:	30 June 2016 $	30 June 2015 $
• Lodgement fees	243	236
• Audit fees	3,000	3,000
	3,243	3,236

It is not practicable to reliably measure the value of assistance provided by staff of Deutsche Australia Limited to the Company in relation to administrative, accounting and legal support.

End of Audited Financial Statements.

DUQUESNE UTILITIES TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

STC Funds Nominee Pty Ltd
Lvl 16, 83 Clarence St
Sydney, NSW 2000
ACN 124 181 728

TABLE OF CONTENTS

DUQUESNE UTILITIES TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 USD	30 June 2015 USD
INVESTMENT INCOME			
Dividends		-	5,228,082
Net changes in the fair value of financial instruments measured at fair value through profit or loss		33,767,452	1,135,413
Total investment income/(loss)		33,767,452	6,363,495
EXPENSES			
Other expenses		(210)	(67)
Total expenses		(210)	(67)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS		33,767,242	6,363,428
Finance costs attributable to unitholders			
Distributions to unitholders		(6,239,459)	(5,227,815)
(Increase)/decrease in net assets attributable to unitholders		(27,527,783)	(1,135,613)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-

DUQUESNE UTILITIES TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016 USD	30 June 2015 USD
ASSETS			
Cash and cash equivalents	3(a)	1,349,671	1,771,241
Financial assets measured at fair value through profit or loss			
Unlisted equity securities		121,149,871	93,622,377
TOTAL ASSETS		122,499,542	95,393,618
LIABILITIES			
Distributions payable		1,349,182	1,771,041
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		1,349,182	1,771,041
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		121,150,360	93,622,577

DUQUESNE UTILITIES TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016 USD	30 June 2015 USD
Balance at the beginning of the financial year	93,622,577	92,486,964
	93,622,577	92,486,964
Increase/(decrease) in net assets attributable to unitholders	27,527,783	1,135,613
Balance at the end of the financial year	121,150,360	93,622,577

DUQUESNE UTILITIES TRUST

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 USD	30 June 2015 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		-	5,228,082
Other expenses paid		(210)	(67)
Net cash inflow/(outflow) from operating activities	3(b)	(210)	5,228,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of financial instruments measured at fair value through profit or loss		6,239,958	-
Net cash inflow/(outflow) from investing activities		6,239,958	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(6,661,318)	(3,456,774)
Net cash inflow/(outflow) from financing activities		(6,661,318)	(3,456,774)
Net increase/(decrease) in cash and cash equivalents held		(421,570)	1,771,241
Cash and cash equivalents at the beginning of the financial year		1,771,241	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3(a)	1,349,671	1,771,241

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The Duquesne Utilities Trust (the "Trust") is an unregistered unit trust. STC Funds Nominee Pty Ltd, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at Lvl 16, 83 Clarence St Sydney, NSW 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year is the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

The Trust's financial statements are presented in US Dollars, which is also the Trust's functional currency.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities

The fair value of unlisted equity securities is determined by the Investment Manager using the discounted cash flow methodology. This methodology has been approved by the Trustee.

(d) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets is set out in Note 1(c).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(f) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(g) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(h) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(i) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. Net assets attributable to unitholders are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(j) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

(k) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from net changes in the fair value of financial assets and derivative financial instruments, accrued income not yet assessable, expenses provided for or accrued but not yet deductible, tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

(l) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the US dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to US dollars using the exchange rate at the date when the fair value was determined.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

– have their units redeemed

– receive income distributions

– attend and vote at meetings of unitholders

– participate in the termination and winding up of the Trust.

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the redemption price per unit less any estimated transaction costs.

(n) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in tha Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

	30 June 2016 Units	30 June 2015 Units
NOTE 2: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	88,368,268	88,368,268
Closing balance	88,368,268	88,368,268

	30 June 2016 USD	30 June 2015 USD
NOTE 3: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:		
Cash at bank	1,349,671	1,771,241
	1,349,671	1,771,241
(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities		
Net profit/(loss) attributable to unitholders before finance costs	33,767,242	6,363,428
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(33,767,452)	(1,135,413)
Net cash inflow/(outflow) from operating activities	(210)	5,228,015

NOTE 4: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2016 (30 June 2015: nil).

NOTE 5: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2016 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 6: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Duquesne Utilities Trust for the financial year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors of STC Funds Nominee Pty Ltd on 8 September 2016.

DUQUESNE UTILITIES TRUST

STATEMENT BY THE TRUSTEE

As stated in Note 1(b) to the Financial Statements, in the Trustee's opinion, the Trust is not a "reporting entity".

In accordance with a resolution of the Directors of STC Funds Nominee Pty Ltd, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

 (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2016 and of its perfomance for the financial year ended on that date; and

 (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

20 October 2016, Sydney

EG Core Plus Fund No.1 (Head Trust)

Annual financial report - 30 June 2016

EG Core Plus Fund No.1 (Head Trust)
30 June 2016

Contents

EG Core Plus Fund No.1 (Head Trust)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	2015 $
Revenue	3	10,304	87,589
Administration expenses		(259,368)	(114,213)
Management fees		(1,574,019)	(1,488,194)
Loss before income tax expense for the year	4	(1,823,083)	(1,514,818)
Income tax expense		-	-
Loss after income tax for the year attributable to the unit holders		(1,823,083)	(1,514,818)
Other comprehensive income for the year, net of tax			-
Total comprehensive income for the year attributable to the unit holders		(1,823,083)	(1,514,818)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 (Head Trust)
Statement of financial position
As at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	5	7,879	187,119
Trade and other receivables	6	46,761	185,650
Total current assets		54,640	372,769
Non-current assets			
Investments	7	134,431,000	107,075,000
Total non-current assets		134,431,000	107,075,000
Total assets		134,485,640	107,447,769
Liabilities			
Current liabilities			
Trade and other payables	8	103,569	34,500
Total current liabilities		103,569	34,500
Total liabilities		103,569	34,500
Net assets		**134,382,071**	**107,413,269**
Equity			
Unit capital	9	130,037,500	107,312,500
Accumulated losses	10	4,344,571	100,769
Total equity		**134,382,071**	**107,413,269**

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 (Head Trust) (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 17 February 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 (Head Trust) is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Interest
Interest revenue is recognised on a time proportion basis using the effective interest method.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

Note 2. Summary of significant accounting policies (continued)

(f) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(g) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(h) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(i) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 3. Revenue

	2016 $	2015 $
Interest revenue	10,304	87,589

Note 4. Expenses

	2016 $	2015 $
Loss before income tax includes the following specific expenses:		
Auditors remuneration:		
Audit of the financial report	29,500	22,500
Other services:	24,500	12,000
	54,000	34,500

EG Core Plus Fund No.1 (Head Trust)
Notes to the financial statements
For the year ended 30 June 2016

Note 5. Current assets - Cash and cash equivalents

	2016	2015
	$	$
Cash at bank and on hand	7,879	187,119

Note 6. Current assets – Trade and other receivables

	2016	2015
	$	$
Other receivables	5,209	185,650

Note 7. Non-current assets – Investments

	2016	2015
	$	$
Units in EG Core Plus Fund No. 1 Ownership Trust No. 1 - at cost	134,431,000	107,075,000

Note 8. Trade and other payables

	2016	2015
	$	$
Other payables	62,017	34,500
	62,017	34,500

Note 9. Unit capital

	2016	2015	2016	2015
	Number	Number	$	$
Ordinary units	130,137,500	107,312,500	130,037,500	107,137,500

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	107,312,500		107,312,500
Issue of units	22,825,000	$1.00	22,825,000
Balance at 30 June 2016	130,137,500		130,137,500

Note 9. Unit capital (continued)

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Retained earnings

Movements in accumulated losses during the financial period are as follows:

	2016 $	2015 $
Retained earnings / (accumulated losses) at the beginning of the period	100,769	(784,413)
Loss after income tax expense for the period	(1,823,083)	(1,514,818)
Distributions	6,066,885	2,400,000
Accumulated losses at the end of the period	4,344,571	100,769

Note 11. Trust details

(a) The Trust

The Trust was officially established on 17 February 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 16 February 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited. The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No.1 (Head Trust)
Fund manager's declaration
For the year ended 30 June 2016

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Holding Trust No.1

Annual Report
For the year ended 30 June 2016

EG Core Plus Fund No.1 Holding Trust No.1
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.1
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	2015 $
Distribution income	3	580,000	-
Expenses		-	-
Profit before income tax		580,000	-
Income tax expense		-	-
Profit after income tax for the year attributable to the unit holders		580,000	-
Other comprehensive income for the period		-	-
Total comprehensive income for the year attributable to the unit holders		**580,000**	**-**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.1
Statement of financial position
As at 30 June 2016

	Notes	2016 $	2015 $
Assets			
Non-current assets			
Investment in EG Core Plus Fund No1 Ownership Trust No1	4	10,445,000	10,445,000
Total non-current assets		10,445,000	10,445,000
Total assets		10,445,000	10,445,000
Liabilities			
Total liabilities		-	-
Net assets		**10,445,000**	**10,445,000**
Equity			
Unit capital	5	10,445,000	10,445,000
Retained earnings	6	-	-
Total equity		**10,445,000**	**10,445,000**

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.1
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.1 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 17 February 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.1 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Distribution income

Distribution income is measured at the fair value of the consideration received or receivable.

(d) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

(f) Investment

Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

EG Core Plus Fund No.1 Holding Trust No.1
Notes to the financial statements
For the year ended 30 June 2016

Note 3. Distribution income

	2016	2015
	$	$
Distribution income received from Ownership Trust	580,000	-

Note 4. Non-current assets - Investments

	2016	2015
	$	$
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 1	10,445,000	10,445,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 1 at the beginning and end of the financial year are set out below:

	2016	2015
	$	$
Opening balance at 1 July	10,445,000	10,445,000
Investment during the year	-	-
Return of investment during the year	-	-
Closing balance at 30 June	10,445,000	10,445,000

Note 5. Unit capital

	2016	2015	2016	2015
	Number	Number	$	$
Ordinary units	10,445,000	10,445,000	10,445,000	10,445,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00 (2015: $1.00).

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 6. Retained earnings

Movements in retained earnings during the financial year are as follows:

	2016	2015
	$	$
Retained earnings at the beginning of the year	-	-
Profit after income tax expense for the year	580,000	-
Distribution paid during the year	(580,000)	-
Retained earnings at the end of the year	-	-

Note 7. Trust details

(a) The Trust

The Trust was officially established on 17 February 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 16 February 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 1
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Gerla
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Holding Trust No.2

Annual Report
For the year ended 30 June 2016

EG Core Plus Fund No.1 Holding Trust No.2
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.2
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 29 August 2014 to 30 June 2015 $
Distribution income	3	1,330,000	400,000
Expenses		-	-
Profit before income tax		1,330,000	400,000
Income tax expense		-	-
Profit after income tax for the year / period attributable to the unit holders		1,330,000	400,000
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the year / period attributable to the unit holders		1,330,000	400,000

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.2
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Non-current assets			
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 2	4	23,230,000	23,230,000
Total non-current assets		23,230,000	23,230,000
Total assets		23,230,000	23,230,000
Liabilities			
Total liabilities		-	-
Net assets		**23,230,000**	**23,230,000**
Equity			
Unit capital	5	23,230,000	23,230,000
Retained earnings	6	-	-
Total equity		**23,230,000**	**23,230,000**

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.2
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.2 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 29 August 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.2 is a trust domiciled in Australia. Its principal place of business is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

Distribution income

Distribution income is measured at the fair value of the consideration received or receivable.

Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

Investment

Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 3. Distribution income

	2016 $	Period 29 August 2014 to 30 June 2015 $
Distribution income received from Ownership Trust	1,330,000	400,000

Note 4. Non-current assets – Investments

	2016 $	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 2	23,230,000	23,230,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 2 at the beginning and end of the financial year / period are set out below:

Opening balance at 1 July 2015 / 29 August 2014	23,230,000	-
Investment during the year / period	-	23,230,000
Return of investment during the year / period	-	-
Closing balance at 30 June 2016 / 30 June 2015	23,230,000	23,230,000

Note 5. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	23,230,000	23,230,000	23,230,000	23,230,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	23,230,000	$1.00	23,230,000
Addition during the year	-	-	-
Balance at 30 June 2016	23,230,000		23,230,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00 (2015: 1.00).

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 6. Retained earnings

Movements in Retained earnings during the financial year / period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the year / period	-	-
Profit after income tax expense for the year / period	1,330,000	400,000
Distribution paid during the year / period	(1,330,000)	(400,000)
Retained earnings at the end of the year / period	-	-

Note 7. Trust details

(a) The Trust

The Trust was officially established on 29 August 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 28 August 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 2
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Gerla
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Holding Trust No.3

Annual Report -
For the year ended 30 June 2016

EG Core Plus Fund No.1 Holding Trust No.3
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.3
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 17 September 2014 to 30 June 2015 $
Distribution income	3	2,000,000	2,000,000
Expenses		-	-
Profit before income tax		2,000,000	2,000,000
Income tax expense		-	-
Profit after income tax for the year / period attributable to the unit holders		2,000,000	2,000,000
Other comprehensive income for the year / period, net of tax		-	-
Total comprehensive income for the year / period attributable to the unit holders		**2,000,000**	**2,000,000**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.3
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Non-current assets			
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 3	4	33,800,000	33,800,000
Total non-current assets		33,800,000	33,800,000
Total assets		33,800,000	33,800,000
Liabilities			
Total liabilities		-	-
Net assets		**33,800,000**	**33,800,000**
Equity			
Unit capital	5	33,800,000	33,800,000
Retained earnings	6	-	-
Total equity		**33,800,000**	**33,800,000**

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.3
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.3 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 17 September 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.3 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Distribution income
Distribution income is measured at the fair value of the consideration received or receivable.

(d) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(e) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

(f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(g) Investment

Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

Note 3. Distribution income

	2016 $	2015 $
Distribution income received from Ownership Trust	2,000,000	2,000,000

Note 4. Non-current assets – Investment

	2016 $	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 3	33,800,000	33,800,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 3 at the beginning and end of the financial period are set out below

Opening balance	33,800,000	-
Investment during the year / period	-	33,800,000
Return of investment during the year / period	-	-
Closing balance	33,800,000	33,800,000

Note 5. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	33,800,000	33,800,000	33,800,000	33,800,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	33,800,000	$1.00	33,800,000
Additions during the year / period	-	-	-
Balance at 30 June 2016	33,800,000		33,800,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00 (2015: 1.00).

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 6. Retained earnings

Movements in Retained earnings during the financial year / period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the year / period	-	-
Profit after income tax expense for the year / period	2,000,000	2,000,000
Distribution during the year / period	(2,000,000)	(2,000,000)
Retained earnings at the end of the year / period	-	-

Note 7. Trust details

(a) **The Trust**

The Trust was officially established on 17 September 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 16 September 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) **The Trustee**

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) **The Fund Manager**

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 3
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Holding Trust No.4

Annual Report -
For the year ended 30 June 2016

EG Core Plus Fund No.1 Holding Trust No.4
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.4
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 8 October 2014 to 30 June 2015 $
Distribution income	3	766,585	-
Expenses		-	-
Profit before income tax		766,585	-
Income tax expense		-	-
Profit after income tax for the year/period attributable to the unit holders		766,585	-
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		766,585	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.4
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Non-current assets			
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 4	4	13,000,000	12,700,000
Total non-current assets		13,000,000	12,700,000
Total assets		13,000,000	12,700,000
Liabilities			
Total liabilities		-	-
Net assets		**13,000,000**	**12,700,000**
Equity			
Unit capital	5	13,000,000	12,700,000
Retained earnings	6	-	-
Total equity		**13,000,000**	**12,700,000**

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.4
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.4 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 8 October 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.4 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Distribution income

Distribution income is measured at the fair value of the consideration received or receivable.

(d) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

(f) Investment
Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

(g) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 3. Distribution income

	2016 $	Period 8 October 2014 to 30 June 2015 $
Distribution income received from Ownership Trust	766,585	-

Note 4. Non-current assets – Investment

	2016 $	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 4	13,000,000	12,700,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 4 at the beginning and end of the financial year / period are set out below:

Opening balance at 1 July 2015 / 8 October 2014	12,700,000	-
Investment during the year / period	300,000	12,700,000
Return of investment during the year / period	-	-
Closing balance at 30 June 2016 / 30 June 2015	13,000,000	12,700,000

Note 5. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	13,000,000	13,000,000	12,700,000	12,700,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	12,700,000		12,700,000
Issue of units	300,000	$1.00	300,000
Balance at 30 June 2016	13,000,000		13,000,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00 (2015: 1.00).

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 6. Retained earnings

Movements in Retained earnings during the financial period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the period	-	-
Profit after income tax expense for the period	766,585	-
Distribution during the year / period	(766,585)	-
Retained earnings at the end of the period	-	-

Note 7. Trust details

(a) The Trust

The Trust was officially established on 8 October 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 7 October 2094, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 4
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Gena
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Holding Trust No.5

Annual Report -
For the year ended 30 June 2016

0

EG Core Plus Fund No.1 Holding Trust No.5
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.5

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 16 January 2015 to 30 June 2015 $
Distribution income	3	687,015	-
Expenses		-	-
Profit before income tax		687,015	-
Income tax expense		-	-
Profit after income tax for the year/period attributable to the unit holders		687,015	-
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		687,015	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.5
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Non-current assets			
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 5	4	19,500,000	19,500,000
Total non-current assets		19,500,000	19,500,000
Total assets		19,500,000	19,500,000
Liabilities			
Total liabilities		-	-
Net assets		**19,500,000**	**19,500,000**
Equity			
Unit capital	5	19,500,000	19,500,000
Retained earnings	6	-	-
Total equity		**19,500,000**	**19,500,000**

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.5
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.5 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 16 January 2015.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.5 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Distribution income

Distribution income is measured at the fair value of the consideration received or receivable.

(d) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

(f) Investment
Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

(g) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

EG Core Plus Fund No.1 Holding Trust No.5
Notes to the financial statements
For the year ended 30 June 2016

Note 3. Distribution income

	2016 $	Period 16 January 2015 to 30 June 2015 $
Distribution income received from Ownership Trust	687,015	-

Note 4. Non-current assets – Investments

	2016 $	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 5	19,500,000	19,500,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 5 at the beginning and end of the financial year / period are set out below:

Opening balance	19,500,000	-
Investment during the year / period	-	19,500,000
Return of investment during the year / period	-	-
Closing balance at 30 June	19,500,000	19,500,000

Note 5. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
	19,500,000	19,500,000	19,500,000	19,500,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	19,500,000		19,500,000
Issuance during the year	-	-	-
Balance at 30 June 2016	19,500,000		19,500,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00 (2015: 1.00).

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 6. Retained earnings

Movements in Retained earnings during the financial period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the year / period	-	-
Profit after income tax expense for the year / period	687,015	-
Distribution paid during the year / period	(687,015)	-
Retained earnings at the end of the year / period	-	-

Note 7. Trust details

(a) **The Trust**

The Trust was officially established on 16 January 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 15 January 2095, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) **The Trustee**

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) **The Fund Manager**

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 5
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geh
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Holding Trust No.6

Annual Report - For the year ended 30 June 2016

EG Core Plus Fund No.1 Holding Trust No.6
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.6
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 25 March 2015 to 30 June 2015 $
Distribution income	3	703,285	-
Expenses		-	-
Profit before income tax		703,285	-
Income tax expense		-	-
Profit after income tax for the year/period attributable to the unit holders		703,285	-
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		703,285	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.6
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Non-current assets			
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 6	4	7,400,000	7,400,000
Total non-current assets		7,400,000	7,400,000
Total assets		7,400,000	7,400,000
Liabilities			
Total liabilities		-	-
Net assets		**7,400,000**	**7,400,000**
Equity			
Unit capital	5	7,400,000	7,400,000
Retained earnings	6	-	-
Total equity		**7,400,000**	**7,400,000**

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Holding Trust No.6 (referred to hereafter as 'the Trust') for the period 25 March 2015 to 30 June 2016. The Trust was established by Trust Deed dated 25 March 2015.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.6 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Distribution income

Distribution income is measured at the fair value of the consideration received or receivable.

(d) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

(f) Investment
Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

(g) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: It is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 3. Other Comprehensive Income

	2016 $	Period 25 March 2015 to 30 June 2015 $
Distribution income received from Ownership Trust	703,285	-

Note 4. Non-current assets – Investments

	2016 $	2015 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 6	7,400,000	7,400,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 6 at the beginning and end of the financial year / period are set out below

	2016 $	2015 $
Opening balance	7,400,000	-
Investment during the year	-	7,400,000
Return of investment during the year	-	-
Closing balance at 30 June	7,400,000	7,400,000

Note 5. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	7,400,000	7,400,000	7,400,000	7,400,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	7,400,000		7,400,000
Issue of units	-	-	-
Balance at 30 June 2016	7,400,000		7,400,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00 (2015: 1.00).

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 6. Retained earnings

Movements in Retained earnings during the financial year / period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the year / period	-	-
Profit after income tax expense for the year / period	703,285	-
Distribution during the year / period	(703,285)	-
Retained earnings at the end of the year / period	-	-

Note 7. Trust details

(a) The Trust

The Trust was officially established on 25 March 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Investors Deed is 24 March 2095, unless otherwise extended under Schedule 5 of the Investors Deed.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 6
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Holding Trust No.7

Annual Report -
For the period from 31 March 2015 to 30 June 2016

EG Core Plus Fund No.1 Holding Trust No.7
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.7
Statement of profit or loss and other comprehensive income
For the period from 31 March 2015 to 30 June 2016

	Notes	Period 31 March 2015 to 30 June 2016 $
Distribution income	3	64,460
Expenses		-
Profit before income tax		64,460
Income tax expense		-
Profit after income tax for the period attributable to the unit holders		64,460
Other comprehensive income for the period		-
Total comprehensive income for the period attributable to the unit holders		**64,460**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.7
Statement of financial position
As at 30 June 2016

	Note	2016 $
Assets		
Non-current assets		
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 7	4	27,056,000
Total non-current assets		27,056,000
Total assets		27,056,000
Liabilities		
Total liabilities		-
Net assets		**27,056,000**
Equity		
Unit capital	5	27,056,000
Retained Earnings	6	-
Total equity		**27,056,000**

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.7 (referred to hereafter as 'the Trust') for the period from 31 March 2015 to 30 June 2016. The Trust was established by Trust Deed dated 31 March 2015.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.7 is a trust domiciled in Australia. Its principal place of business is:
Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(d) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

(f) Investment
Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

(g) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(h) Comparatives
The Trust was established on 31 March 2015 and as such, there are no comparative figures included in these financial statements.

Note 3. Distribution income

	Period 31 March 2015 to 30 June 2016 $
Distribution income received from Ownership Trust	64,460

Note 4. Non-current assets – Investments

	2016 $
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 7	27,056,000

(a) Reconciliation of the investment in EG Core Plus Fund No. 1 Ownership Trust No. 7 at the beginning and end of the financial period are set out below:

Opening balance	-
Investment during the year	27,056,000
Return of investment during the peiod	-
Closing balance at 30 June 2016	27,056,000

Note 5. Unit capital

	2016 Number	2016 $
Ordinary units	27,056,000	27,056,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 31 March 2015	-	-	-
Additions during the year	27,056,000	$1.00	27,056,000
Balance at 30 June 2016	27,056,000		27,056,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

EG Core Plus Fund No.1 Holding Trust No.7
Notes to the financial statements
For the period from 31 March 2015 to 30 June 2016

Note 6. Retained earnings

Movements in Retained earnings during the financial period are as follows:

	2016 $
Retained earnings at 31 March 2015	-
Profit after income tax expense for the period	64,460
Distribution paid during the period	(64,460)
Retained earnings at the end of the period	-

Note 7. Trust details

(a) The Trust

The Trust was officially established on 31 March 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 24 March 2095

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 7
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance from the period from 31 March 2015 to 30 June 2016.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Holding Trust No.8

Annual Report -
For the period 12 November 2015 to 30 June 2016

EG Core Plus Fund No.1 Holding Trust No.8
30 June 2016

Contents

EG Core Plus Fund No.1 Holding Trust No.8
Statement of profit or loss and other comprehensive income
For the period 12 November 2015 to 30 June 2016

	Notes	Period 12 November 2015 to 30 June 2016 $
Distribution income		-
Expenses		-
Profit before income tax		-
Income tax expense		-
Profit after income tax for the period attributable to the unit holders		-
Other comprehensive income for the period		-
Total comprehensive income for the period attributable to the unit holders		-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Holding Trust No.8
Statement of financial position
As at 30 June 2016

	Note	2016 $
Assets		
Non-current assets		
Investment in EG Core Plus Fund No. 1 Ownership Trust No. 8		-
Total non-current assets		-
Total assets		-
Liabilities		
Total liabilities		-
Net assets		-
Equity		
Unit capital		-
Accumulated losses		-
Total equity		-

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.8 (referred to hereafter as 'the Trust') for the period 12 November 2015 to 30 June 2016. The Trust was established by Trust Deed dated 12 November 2015.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Holding Trust No.8 is a trust domiciled in Australia. Its principal place of business is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Distribution income

Distribution income is measured at the fair value of the consideration received or receivable.

(d) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Note 2. Summary of significant accounting policies (continued)

(f) Investment
Investments are accounted for at cost less any impairment. Distributions received from investments in Trusts are recognised as revenue by the Trust.

(g) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 3. Trust details

(a) The Trust

The Trust was officially established on 12 November 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 11 November 2095.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (PTAL) Limited.

The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower, Level 21
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Holding Trust No. 8
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the period 12 November 2015 to 30 June 2016.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
23 September 2016

EG Core Plus Fund No.1 Ownership Trust No. 1

Annual financial report - 30 June 2016

EG Core Plus Fund No.1 (Ownership Trust No.1)
30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.1
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016	2015
		$	$
Revenue	3	1,394,094	1,597,978
Other income	3	18,436	15,697
Property expenses		(467,474)	(479,085)
Administration expenses		(26,617)	(37,845)
Finance costs		(422,669)	(406,435)
Net fair value gain on investment properties	6	3,656,334	2,475,172
Profit before income tax expense for the year		4,152,104	3,165,482
Income tax expense		-	-
Profit after income tax for the year attributable to the unit holders		4,152,104	3,165,482
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the unit holders		**4,152,104**	**3,165,482**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.1
Notes to the financial statements
For the year ended 30 June 2016

	Notes	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	696,607	1,125,244
Trade and other receivables	5	127,902	57,383
Total current assets		824,509	1,182,627
Non-current assets			
Investment properties	6	24,000,000	20,000,000
Total non-current assets		24,000,000	20,000,000
Total assets		24,824,509	21,182,627
Liabilities			
Current liabilities			
Trade and other payables	7	110,968	59,054
Borrowings	8	8,188,145	8,170,281
Total current liabilities		8,299,113	8,229,335
Total liabilities		8,299,113	8,229,335
Net assets		**16,525,396**	**12,953,292**
Equity			
Unit capital	9	10,445,000	10,445,000
Retained earnings	10	6,080,396	2,508,292
Total equity		**16,525,396**	**12,953,292**

The above statement of financial position should be read in conjunction with the accompanying notes, read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.1 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 17 February 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.1 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Note 2. Summary of significant accounting policies (continued)

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

(m) Fair value measurement (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Revenue

	2016	2015
	$	$
Rental revenue	827,155	1,282,523
Tenant recoveries	566,939	315,455
	1,394,094	1,597,978
Interest revenue	18,436	15,697
	18,436	15,697

Note 4. Current assets - Cash and cash equivalents

	2016	2015
	$	$
Cash at bank and on hand	696,607	1,125,244

Note 5. Current assets – Trade and other receivables

	2016	2015
	$	$
Trade receivables	51,493	31,144
Prepayments	76,409	26,239
	127,902	57,383

Note 6. Non-current assets – Investment properties

	2016	2015
	$	$
Investment properties – at fair value	24,000,000	20,000,000

Note 6. Non-current assets – Investment properties (continued)

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

	2016 $	2015 $
Opening balance	20,000,000	17,500,000
Acquisition	343,666	24,828
Revaluation increments / (decrements)	3,656,334	2,475,172
Closing fair value at 30 June	24,000,000	20,000,000

Note 7. Trade and other payables

	2016 $	2015 $
Trade payables	102,091	-
Other payables	8,877	59,054
Other payables	110,968	59,054

Note 8. Borrowings

	2016 $	2015 $
Current		
Bank loans	8,188,145	8,170,281

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of 3.84% (2015: 4.8%) per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $24,000,000. (2015: $20,000,000)

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $8,750,000 of which $8,200,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $550,000 (2015: $550,000).

Note 9. Unit capital

	2016	2015	2016	2015
	Number	Number	$	$
Ordinary units	10,445,000	10,445,000	10,445,000	10,445,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Retained earnings

Movements in accumulated losses during the financial period are as follows:

	2016	2015
	$	$
Retained earnings at the beginning of the year	2,508,292	(657,190)
Profit after income tax expense for the year	4,152,104	3,165,482
Distribution to Head Trust	(580,000)	-
Retained earnings at the end of the year	6,080,396	2,508,292

Note 11. Trust details

(a) The Trust

The Trust was officially established on 17 February 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 16 February 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited. The registered office and principal place of business of the Trustee Company is:

Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:

Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No.1 Ownership Trust No.1
Fund manager's declaration
For the year ended 30 June 2016

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Ownership Trust No.2

Annual Report
For the year ended 30 June 2016

EG Core Plus Fund No.1 Ownership Trust No.2
30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.2
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 29 August 2014 to 30 June 2015 $
Revenue	3	4,173,481	3,217,018
Other income	3	19,933	7,392
Property expenses		(1,551,789)	(855,703)
Administration expenses		(10,646)	(166)
Finance costs		(967,098)	(648,621)
Net fair value gain/(loss) on investment properties	6	3,031,110	(328,352)
Profit before income tax		4,694,991	1,391,569
Income tax expense		-	-
Profit after income tax for the period attributable to the unit holders		4,694,991	1,391,569
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the unit holders		4,694,991	1,391,569

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.2
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	1,706,412	1,099,409
Trade and other receivables	5	573,095	497,828
Total current assets		2,279,507	1,597,237
Non-current assets			
Investment properties	6	46,750,000	43,700,000
Total non-current assets		46,750,000	43,700,000
Total assets		49,029,507	45,297,237
Liabilities			
Current liabilities			
Trade and other payables	7	588,997	276,334
Total non-current liabilities		588,997	276,334
Non-current liabilities			
Trade and other payables	9	3,783	5,745
Borrowings	8	20,450,167	20,393,589
Total non-current liabilities		20,453,950	20,399,334
Total liabilities		21,042,947	20,675,668
Net assets		**27,986,560**	**24,621,569**
Equity			
Unit capital	10	23,230,000	23,230,000
Retained earnings	11	4,756,560	1,391,569
Total equity		**27,986,560**	**24,621,569**

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.2
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.2 (referred to hereafter as 'the Trust') for the financial year ended 30 June 2016. The Trust was established by Trust Deed dated 29 August 2014.

The financial statements are presented in Australian dollars, which is the Trust's functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.2 is a trust domiciled in Australia. Its principal place of business is:
Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

Note 2. Summary of significant accounting policies (continued)

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Revenue

	2016 $	Period 29 August 2014 to 30 June 2015 $
Rental revenue	3,626,409	2,760,098
Tenant recoveries	547,072	456,920
	4,173,481	3,217,018
Other income	19,933	7,392
	19,933	7,392

Note 4. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	1,706,412	1,099,409

Note 5. Trade and other receivables

	2016 $	2015 $
Trade receivables	458,901	330,003
Other receivables	-	1,800
Prepayments	114,194	166,024
	573,095	497,828

Note 6. Non-current assets – Investment properties

	2016 $	2015 $
Investment properties – at fair value	46,750,000	43,700,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance	43,700,000	-
Acquisition	18,890	44,028,352
Revaluation increments/(decrements)	3,031,110	(328,352)
Closing fair value	46,750,000	43,700,000

Note 7. Current - Trade and payables

	2016 $	2015 $
Other payables	588,997	276,334

Note 8. Non-current liabilities – Borrowings

	2016 $	2015 $
Bank loans	20,450,167	20,393,589

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 3.02% (2015: 2.50%) per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $46,750,000 (2015: $43,700,000).

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $20,600,000 (2015: $20,600,000) of which has been fully utilised.

EG Core Plus Fund No.1 Ownership Trust No.2
Notes to the financial statements
For the year ended 30 June 2016

Note 9. Non-current - Trade and payables

	2016 $	2015 $
Other payables	3,783	5,745

Note 10. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	23,230,000	23,230,000	23,230,000	23,230,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	23,230,000		23,230,000
Issue of units	-	$1.00	-
Balance at 30 June 2016	23,230,000		23,230,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 11. Retained earnings

Movements in Retained earnings during the financial period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the year	1,391,569	-
Profit after income tax expense for the year/period	4,694,991	1,391,569
Distribution to Head Trust	(1,330,000)	-
Retained earnings at the end of the year	4,756,560	1,391,569

Note 12. Trust details

(a) The Trust

The Trust was officially established on 29 August 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 28 August 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 2
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Ownership Trust No.3

Annual Report -

For the year ended 30 June 2016

EG Core Plus Fund No.1 Ownership Trust No.3

30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.3
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 17 September 2014 to 30 June 2015 $
Revenue	3	6,006,656	4,841,081
Other income	3	22,815	19,171
Property expenses		(929,871)	(717,102)
Administration expenses		(18,941)	(30,081)
Finance costs		(1,415,753)	(975,439)
Net fair value gain/(loss) on investment properties	6	2,707,742	(3,563,975)
Profit/(loss) before income tax		6,372,648	(426,345)
Income tax expense		-	-
Profit/(loss) after income tax for the year/period attributable to the unit holders		6,372,648	(426,345)
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		**6,372,648**	**(426,345)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.3
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	2,111,842	1,063,459
Trade and other receivables	5	153,422	212,243
Total current assets		2,265,264	1,275,702
Non-current assets			
Investment properties	6	68,000,000	65,000,000
Total non-current assets		68,000,000	65,000,000
Total assets		70,265,264	66,275,702
Liabilities			
Current liabilities			
Trade and other payables	7	139,976	381,597
Total current liabilities		139,976	381,597
Non-current liabilities			
Trade and other payables	9	919,309	1,073,726
Borrowings	8	31,459,676	31,446,724
Total non-current liabilities		32,378,985	32,520,450
Total liabilities		32,518,961	32,902,047
Net assets		**37, 746,303**	**33,373,655**
Equity			
Unit capital	10	33,800,000	33,800,000
Retained earnings/(accumulated losses)	11	3,946,303	(426,345)
Total equity		**37, 746,303**	**33,373,655**

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.3 (referred to hereafter as 'the Trust') for the year ended to 30 June 2016. The Trust was established by Trust Deed dated 17 September 2014.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.3 is a trust domiciled in Australia. Its principal place of business is:
Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation
In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

Note 2. Summary of significant accounting policies (continued)

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development. All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value. Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Note 2. Summary of significant accounting policies (continued)

(g) Investment property (continued)

Disposals

The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 2. Summary of significant accounting policies (continued)

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Revenue

	2016 $	Period 17 September 2014 to 30 June 2015 $
Rental revenue	5,218,949	4,301,706
Tenant recoveries	787,707	539,375
	6,006,656	4,841,081
Interest revenue	22,815	19,171
	22,815	19,171

Note 4. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	2,111,842	1,063,459

Note 5. Trade and other receivables

	2016 $	2015 $
Trade receivables	38,722	33,587
Other receivables	945	67,253
Prepayments	111,954	111,403
	151,621	212,243

Note 6. Non-current assets – Investment properties

	2016 $	2015 $
Investment properties – at fair value	68,000,000	65,000,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance	65,000,000	65,000,000
Acquisition	292,258	-
Revaluation increments	2,707,742	-
Closing fair value	68,000,000	65,000,000

Note 7. Current - Trade and payables

	2016 $	2015 $
Other payables	139,976	381,597

Note 8. Non-current liabilities – Borrowings

	2016 $	2015 $
Bank loans	31,459,676	31,446,724

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of 3.54% per annum. (2015: 4.5%)

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $68,000,000. (2015: $65,000,000)

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $31,500,000 of which $31,500,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $nil. (2015: $nil)

Note 9. Non-current - Trade and payables

	2016 $	2015 $
Other payables	919,309	1,073,726

Note 10. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	33,800,000	33,800,000	33,800,000	33,800,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	33,800,000		33,800,000
Issue of units	-	$1.00	-
Balance at 30 June 2016	33,800,000		33,800,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 11. Retained earnings / (accumulated losses)

Movements in retained earnings/(accumulated losses) during the financial period are as follows:

	2016 $	2015 $
Accumulated losses at the beginning of the year/period	(426,345)	-
Profit/(loss) after income tax expense for the year/period	6,372,648	(426,345)
Distribution to Head Trust	(2,000,000)	-
Retained earnings / (accumulated losses) at the end of the year/period	3,946,303	(426,345)

Note 12. Trust details

(a) The Trust

The Trust was officially established on 17 September 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 16 September 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 3
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Ownership Trust No. 4

Annual Report -
For the year ended 30 June 2016

EG Core Plus Fund No.1 Ownership Trust No.4
30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.4
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 8 October 2014 to 30 June 2015 $
Revenue	3	2,602,723	1,481,582
Other income	3	10,716	3,096
Property expenses		(594,495)	(376,458)
Administration expenses		(17,168)	(225)
Finance costs		(335,357)	(200,494)
Net fair value gain on investment properties	6	1,495,201	167,417
Profit before income tax		3,161,620	1,074,919
Income tax expense		-	-
Profit after income tax for the year/period attributable to the unit holders		3,161,620	1,074,919
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		**3,161,620**	**1,074,919**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.4
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	989,042	671,110
Trade and other receivables	5	135,678	47,603
Total current assets		1,124,720	718,713
Non-current assets			
Investment properties	6	23,600,000	21,400,000
Total non-current assets		23,600,000	21,400,000
Total assets		24,724,720	22,118,713
Liabilities			
Current liabilities			
Trade and other payables	7	279,245	385,920
Borrowings	8	7,975,521	7,957,874
Total current liabilities		8,254,766	8,343,794
Total liabilities		8,254,766	8,343,794
Net assets		16,469,954	13,774,919
Equity			
Unit capital	9	13,000,000	12,700,000
Retained earnings	10	3,469,954	1,074,919
Total equity		16,469,954	13,774,919

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.4
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.4 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 8 October 2014.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.4 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Revenue and other income

	2016 $	Period 8 October 2014 to 30 June 2015 $
Revenue		
Rental revenue	2,539,661	1,458,190
Tenant recoveries	63,062	23,392
	2,602,723	1,481,582
Other income		
Interest revenue	10,716	3,096
	10,716	3,906

Note 4. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	989,042	671,110

Note 5. Trade and other receivables

	2016 $	2015 $
Trade receivables	50,288	13,909
Other receivables	430	1,001
Prepayments	84,960	32,693
	135,678	47,603

Note 6. Non-current assets – Investment properties

	2016 $	2015 $
Investment properties – at fair value	23,600,000	21,400,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance	21,400,000	-
Acquisition	704,799	21,232,583
Revaluation increments	1,495,201	167,417
Closing fair value	23,600,000	21,400,000

Note 7. Trade and payables

	2016 $	2015 $
Trade payables	23,941	23,941
Other payables	255,304	361,979
	279,245	385,920

Note 8. Current liabilities – Borrowings

	2016 $	2015 $
Bank loans	7,975,521	7,957,874

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of between 3.6% per annum. (2015: 4.6%)

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $23,600,000. (2015:$21,400,000)

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $10,000,000 of which $8,000,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $2,000,000 (2015: $nil)

Note 9. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	13,000,000	13,000,000	12,700,000	12,700,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	12,700,000		12,700,000
Issue of units	300,000	$1.00	300,000
Balance at 30 June 2016	13,000,000		13,000,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Retained earnings

Movements in Retained earnings during the financial period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the year/period	1,074,919	-
Profit after income tax expense for the year/period	3,161,620	1,074,919
Distribution to Head Trust	(766,585)	-
Retained earnings at the end of the year/period	3,469,954	1,074,919

Note 11. Trust details

(a) The Trust

The Trust was officially established on 8 October 2014 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 7 October 2094.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited. The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

EG Core Plus Fund No.1 Ownership Trust No.4
Notes to the financial statements
For the year ended 30 June 2016

Note 11. Trust details (continued)

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 4
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Ownership Trust No.5

Annual Report -
For the year ended 30 June 2016

EG Core Plus Fund No.1 Ownership Trust No.5
30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.5
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 16 January 2015 to 30 June 2015 $
Revenue	3	3,045,302	1,166,837
Other income	3	9,980	1,122
Property expenses		(1,183,649)	(355,677)
Administration expenses		(58,590)	(178)
Finance costs		(573,992)	(83,475)
Net fair value gain/(loss) on investment properties	6	7,200,428	(911,726)
Profit/(loss) before income tax		8,439,479	(183,097)
Income tax expense		-	-
Profit/(loss) after income tax for the year/period attributable to the unit holders		8,439,479	(183,097)
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		**8,439,479**	**(183,097)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.5
Statement of financial position
For the year ended 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	743,380	691,817
Trade and other receivables	5	374,517	184,388
Total current assets		1,117,897	876,205
Non-current assets			
Investment properties	6	39,000,000	31,500,000
Total non-current assets		39,000,000	31,500,000
Total assets		40,117,897	32,376,205
Liabilities			
Current liabilities			
Trade and other payables	7	257,776	342,658
Borrowings	8	-	12,494,448
Total non-current liabilities		257,776	12,837,106
Non-current liabilities			
Trade and other payables	9	288,544	222,196
Borrowings	8	12,502,210	-
Total non-current liabilities		12,790,754	222,196
Total liabilities		13,048,530	13,059,302
Net assets		**27,069,367**	**19,316,903**
Equity			
Unit capital	10	19,500,000	19,500,000
Retained earnings/(accumulated losses)	11	7,569,367	(183,097)
Total equity		**27,069,367**	**19,316,903**

The above statement of financial position should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.5
Notes to the financial statements
For the year ended 30 June 2016

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.5 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 16 January 2015.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.5 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property

Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations

Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals

The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds
Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Revenue and other income

	2016 $	Period 16 January 2015 to 30 June 2015 $
Revenue		
Rental revenue	2,811,013	1,110,155
Tenant recoveries	234,290	56,682
	3,045,302	1,166,837
Other income		
Interest revenue	9,980	1,122
	9,980	1,122

Note 4. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	743,380	691,817

Note 5. Trade and other receivables

	2016 $	2015 $
Trade receivables	311,725	124,357
Other receivables	30,875	1,322
Prepayments	31,917	58,709
	374,517	184,388

EG Core Plus Fund No.1 Ownership Trust No.5
Notes to the financial statements
For the year ended 30 June 2016

Note 6. Non-current assets – Investment properties

	2016 $	2015 $
Investment properties – at fair value	39,000,000	31,500,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance	31,500,000	32,411,726
Acquisition	299,572	-
Revaluation increment/(decrement)	7,200,428	(911,726)
Closing fair value	39,000,000	31,500,000

Note 7. Current - Trade and payables

	2016 $	2015 $
Other payables	257,776	342,658

Note 8. Current liabilities – Borrowings

	2016 $	2015 $
Current		
Bank loans	-	12,494,448
Non-current		
Bank loans	12,502,210	-

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of 3.02% per annum (2015: 3.3%).

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $39,000,000. (2015:$ 31,500,000)

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $12,566,500 of which $12,566,500 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $nil. (2015: $Nil)

Note 9. Non-current - Trade and payables

	2016 $	2015 $
Other payables	288,544	222,196

EG Core Plus Fund No.1 Ownership Trust No.5
Notes to the financial statements
For the year ended 30 June 2016

Note 10. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
	19,500,000	19,500,000	19,500,000	19,500,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	19,500,000		19,500,000
Issue of units		$1.00	
Balance at 30 June 2016	19,500,000		19,500,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 11. Retained earnings/(accumulated losses)

Movements in retained earnings/(accumulated losses) during the financial period are as follows:

	2016 $	2015 $
Accumulated losses at the beginning of the year/period	(183,097)	-
Profit/(loss) after income tax expense for the year/period	8,439,479	(183,097)
Distribution to Head Trust	(687,015)	-
Retained earnings/(accumulated losses) at the end of the year/period	7,569,367	(183,097)

Note 12. Trust details

(a) The Trust

The Trust was officially established on 16 January 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 15 January2095.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No.1 Ownership Trust No.5
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Ownership Trust No. 6

Annual Report -
For the year ended 30 June 2016

EG Core Plus Fund No.1 Ownership Trust No.6
30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.6
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 25 March 2015 to 30 June 2015 $
Revenue	3	1,280,631	229,322
Other revenue	3	6,105	42
Property expenses		(84,094)	(7,684)
Administration expenses		(5,892)	(65)
Finance costs		(235,270)	(36,734)
Net fair value gain/(loss) on investment properties	6	2,960,747	(712,400)
Profit/(loss) before income tax		3,922,227	(527,519)
Income tax expense		-	-
Profit/(loss) after income tax for the year/period attributable to the unit holders		3,922,227	(527,519)
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		3,922,227	(527,519)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.6
Statement of financial position
For the year ended 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	541,656	10,099
Trade and other receivables	5	13,731	242,046
Total current assets		555,387	252,145
Non-current assets			
Investment properties	6	16,000,000	13,000,000
Total non-current assets		16,000,000	13,000,000
Total assets		16,555,387	13,252,145
Liabilities			
Current liabilities			
Trade and other payables	7	139,017	56,100
Borrowings	8	-	6,323,564
Total current liabilities		139,017	6,379,664
Non-current liabilities			
Borrowings	8	6,324,947	-
Total non-current liabilities		6,325,947	-
Total liabilities		6,463,964	6,379,664
Net assets		**10,091,423**	**6,872,481**
Equity			
Unit capital	9	7,400,000	7,400,000
Accumulated losses	10	2,691,423	(527,519)
Total equity		**10,091,423**	**6,872,481**

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.6 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 25 March 2015.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.6 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern
The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property

Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations

Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;

(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;

(iii) that the property will be reasonably exposed to that market; and

(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals

The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Revenue

	2016 $	Period 25 March 2015 to 30 June 2015 $
Rental revenue	1,218,513	227,137
Tenant recoveries	62,119	2,185
Total revenue	1,280,632	229,322
Interest revenue	6,105	42
Total other revenue	6,105	42

Note 4. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	541,656	10,099

Note 5. Trade and other receivables

	2016 $	2015 $
Trade receivables	455	227,356
Other receivables	13	23
Prepayments	13,263	14,667
	13,731	242,046

Note 6. Non-current assets – Investment properties

	2016 $	2015 $
Investment properties – at fair value	16,000,000	13,000,000

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance	13,000,000	-
Acquisition	39,253	13,712,400
Revaluation increment/(decrement)	2,960,747	(712,400)
Closing fair value	16,000,000	13,000,000

Note 7. Trade and payables

	2016 $	2015 $
Other payables	139,017	56,100

Note 8. Current liabilities – Borrowings

	2016 $	2015 $
Current		
Bank loans	-	6,323,564
Non-Current		
Bank loans	6,324,947	-

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of 3.54% per annum (2015: 4.5%).

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $16,000,000. (2015: $13,000,000).

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $6,500,000 of which $6,370,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $130,000. (2015: $nil).

EG Core Plus Fund No.1 Ownership Trust No.6
Notes to the financial statements
For the year ended 30 June 2016

Note 9. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	7,400,000	7,400,000	7,400,000	7,400,000

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	7,400,000		7,400,000
Issue of units	-	$1.00	-
Balance at 30 June 2016	7,400,000		7,400,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Accumulated losses

Movements in accumulated losses during the financial period are as follows:

	2016 $	2015 $
Accumulated losses at the beginning of the year/period	(527,519)	-
Profit/(Loss) after income tax expense for the year/period	3,922,227	(527,519)
Distribution to Head Trust	(703,285)	-
Accumulated losses at the end of the year/period	2,691,423	(527,519)

Note 11. Trust details

(a) The Trust

The Trust was officially established on 25 March 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 24 March 2095.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 6
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Ownership Trust No. 7

Annual Report -
For the year ended 30 June 2016

EG Core Plus Fund No.1 Ownership Trust No.7
30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.7
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $	Period 31 March 2015 to 30 June 2015 $
Revenue	3	2,477,867	-
Other revenue	3	6,504	-
Property expenses		(677,159)	-
Administration expenses		(8,366)	-
Finance costs		(526,227)	-
Net fair value gain on investment properties	6	405,489	-
Profit before income tax		1,678,108	-
Income tax expense		-	-
Profit after income tax for the year/period attributable to the unit holders		1,678,108	-
Other comprehensive income for the year/period, net of tax		-	-
Total comprehensive income for the year/period attributable to the unit holders		**1,678,108**	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.7
Statement of financial position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	4	1,128,069	-
Trade and other receivables	5	157,391	-
Total current assets		1,285,460	-
Non-current assets			
Investment properties	6	49,000,000	-
Total non-current assets		49,000,000	-
Total assets		50,285,460	-
Liabilities			
Current liabilities			
Trade and other payables	7	284,041	-
Total current liabilities		284,041	-
Non-current liabilities			
Trade and other payables	7	237,921	-
Borrowings	8	21,093,850	-
Total non-current liabilities		21,231,771	-
Total liabilities		21,615,812	-
Net assets		**28,669,648**	-
Equity			
Unit capital	9	27,056,000	-
Retained earnings	10	1,613,648	-
Total equity		**28,669,648**	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.7 (referred to hereafter as 'the Trust') for the year ended 30 June 2016. The Trust was established by Trust Deed dated 31 March 2015.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.7 is a trust domiciled in Australia. Its principal place of business is:
Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property

Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations

Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals

The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 3. Revenue

	2016 $	Period 31 March 2015 to 30 June 2015 $
Rental revenue	2,448,389	-
Tenant recoveries	29,478	-
Total revenue	2,477,867	-
Interest revenue	6,504	-
Other revenue	6,504	

Note 4. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	1,128,069	-

Note 5. Trade and other receivables

	2016 $	2015 $
Trade receivables	79,856	-
Other receivables	12	-
Prepayments	77,523	-
	157,391	-

EG Core Plus Fund No.1 Ownership Trust No.7
Notes to the financial statements
For the year ended 30 June 2016

Note 6. Non-current assets – Investment properties

	2016 $	2015 $
Investment properties – at fair value	49,000,000	-

(a) Reconciliation of the fair values of investment properties at the beginning and end of the financial period are set out below

Opening balance	-	-
Acquisition	48,594,511	-
Revaluation decrements	405,489	-
Closing fair value	49,000,000	-

Note 7. Trade and other payables

	2016 $	2015 $
Current		
Trade payables	7,480	-
Other payables	276,561	-
	284,041	-
Non-current		
Other payables	237,921	-

Note 8. Non-current liabilities – Borrowings

	2016 $	2015 $
Bank loans	21,093,850	-

Interest rate risk
The bank loans are currently bearing all-in variable interest rates of 3.49% per annum.

Assets pledged as security
The bank loans are secured by first ranking mortgage over the Trust's investment property related to the borrowings. The fair value of the investment property secured is $49,000,000.

Covenant conditions
The bank loans include covenant conditions that require the maintenance of certain financial ratios.

Financing arrangements
The Trust's bank loan facility limit at the reporting date was $21,100,000 of which $21,100,000 was utilised. Unrestricted access was available at the reporting date for the unused bank loan facility of $nil.

Note 9. Unit capital

	2016 Number	2016 $	2015 Number	2015 $
Ordinary units	27,056,000	27,056,000	-	-

Movements in ordinary units

	No of units	Issue price	$
Balance at 1 July 2015	-		-
Issue of units	27,056,000	$1.00	27,056,000
Balance at 30 June 2016	27,056,000		27,056,000

Each fully paid ordinary unit is priced at $1.00 and at 30 June 2016 is paid up to $1.00.

Ordinary stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of ordinary unit present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each fully paid unit is entitled to one vote.

Note 10. Retained earnings

Movements in retained earnings during the financial period are as follows:

	2016 $	2015 $
Retained earnings at the beginning of the year/period	-	-
Profit after income tax expense for the year/period	1,678,108	-
Distributions to Head Trust	(64,460)	-
Retained earnings at the end of the period	1,613,648	-

11. Trust details

(a) The Trust

The Trust was officially established on 31 March 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 24 March 2095.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 7
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson	Adam Geha
Director	Director

Sydney
14 September 2016

EG Core Plus Fund No.1 Ownership Trust No. 8

Annual Report -
For the period 12 November 2015 to 30 June 2016

EG Core Plus Fund No.1 Ownership Trust No.8
30 June 2016

Contents

EG Core Plus Fund No.1 Ownership Trust No.8
Statement of profit or loss and other comprehensive income
For the period 12 November 2015 to 30 June 2016

	Notes	Period 12 November 2015 to 30 June 2016 $
Revenue		-
Expenses		-
Profit before income tax		-
Income tax expense		-
Profit after income tax for the period attributable to the unit holders		-
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the unit holders		-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

EG Core Plus Fund No.1 Ownership Trust No.8
Statement of financial position
As at 30 June 2016

	Notes	2016 $
Assets		
Current assets		
Cash and cash equivalents		-
Trade and other receivables		-
Total current assets		-
Non-current assets		
Investment properties		-
Total non-current assets		-
Total assets		-
Liabilities		
Current liabilities		
Trade and other payables		-
Total current liabilities		-
Non-current liabilities		
Trade and other payables		-
Borrowings		-
Total non-current liabilities		-
Total liabilities		-
Net assets		-
Equity		
Unit capital		-
Retained earnings		-
Total equity		-

The above statement of financial position should be read in conjunction with the accompanying notes.

Note 1. Corporate Information

The financial statements cover EG Core Plus Fund No.1 Ownership Trust No.8 (referred to hereafter as 'the Trust') for the period 12 November 2015 to 30 June 2016. The Trust was established by Trust Deed dated 12 November 2015.

The financial statements are presented in Australian dollars, which is the Trust's' functional and presentational currency.

EG Core Plus Fund No.1 Ownership Trust No.7 is a trust domiciled in Australia. Its principal place of business is:

Governor Philip Tower
Suite 1, Level 21
1 Farrer Place
Sydney NSW 2000

Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

In the Fund Manager's opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The Fund Manager has determined that the accounting policies adopted are appropriate to meet their needs.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of the business.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Rental Income
Rental income for operating leases is recognised on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises.

Interest
Interest income is recognised on a time proportion basis using the effective interest method.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(f) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of trade receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment allowance is recognised in earnings.

(g) Investment property
Investment properties may be held for rental yields, capital appreciation and/or development.

All investment properties are considered one class of asset.

Valuations
Investment properties are measured at fair value and assessed each reporting date to ensure that the carrying amount of each property does not differ materially from its fair value at the reporting date. Changes in fair values are recognised in profit or loss.

In accordance with the Trust Deeds, independent valuations of investment properties are made at every financial year. These valuations are considered by the Review Committee when determining fair value.

Fair value is based on the price which a property might reasonably be expected to be sold at the date of the valuation assuming:

(i) a willing, but not anxious, buyer and seller on an arm's length basis;
(ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
(iii) that the property will be reasonably exposed to that market; and
(iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

Disposals
The gain or loss on disposal of investment properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the period of disposal.

(h) Trade and other payables
These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Other liabilities expected to be settled more than 12 months after the reporting date are classified as non-current.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings which expire within twelve months from the end of the financial year are classified as current.

(j) Unit holders' funds

Unit holders' funds are classified as unit capital in equity.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

3. Trust details

(a) The Trust

The Trust was officially established on 12 November 2015 when the Trust Deeds were executed and adopted. The expected termination date as per the Trust Deed is 11 November 2095.

(b) The Trustee

The Trust is administered by an external trustee company, The Trust Company (Australia) Limited.
The registered office and principal place of business of the Trustee Company is:
Level 15
20 Bond Street
Sydney NSW 2000

(c) The Fund Manager

EG Funds Management Pty Limited was appointed to manage and invest the assets of the Trust pursuant to the Asset Management Agreement dated 17 February 2014.

The registered office and principal place of business of the Fund Manager is:
Governor Phillip Tower
Suite 1, Level 21,
1 Farrer Place
Sydney NSW 2000

EG Core Plus Fund No. 1 Ownership Trust No. 8
Fund Manager's declaration

As described in the basis of preparation accounting policy included in note 2 to the financial statements, the Trust is not a reporting entity and these are special purpose financial statements.

The directors of the Fund Manager declare that:

(a) the financial statements and notes comply with the accounting policies as detailed in note 2 to the financial statements; and

(b) the financial statements and notes presents fairly, in all material respects, the Trust's financial position as at 30 June 2016 and of its performance for the period 12 November 2015 to 30 June 2016.

(c) the financial statements and notes are in accordance with the Constitution; and

(d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors of the Fund Manager.

Michael Easson
Director

Adam Geha
Director

Sydney
15 September 2016

IPG UNIT TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

AMP Capital Investors Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 001 777 591

IPG UNIT TRUST

TABLE OF CONTENTS

IPG UNIT TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016 $	30 June 2015 $
INVESTMENT INCOME		
Dividends	1,162,306	3,065,133
Interest income	835,888	837,209
Net changes in the fair value of financial instruments measured at fair value through profit or loss	3,752,208	771,446
Total investment income/(loss)	5,750,402	4,673,788
EXPENSES		
Total expenses	-	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS	5,750,402	4,673,788
Finance costs attributable to unitholders		
Distributions to unitholders	(1,998,248)	(3,902,259)
(Increase)/decrease in net assets attributable to unitholders	(3,752,154)	(771,529)
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS	-	-
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	-	-

IPG UNIT TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		30 June 2016 $	30 June 2015 $
ASSETS			
Cash and cash equivalents	4(a)	1,578,521	1,834,590
Receivables	2	55	427
Loans and advances		5,729,753	5,729,753
Financial assets measured at fair value through profit or loss			
Unlisted equity securities		23,897,303	20,145,095
TOTAL ASSETS		31,205,632	27,709,865
LIABILITIES			
Distributions payable		1,578,492	1,834,879
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		1,578,492	1,834,879
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		29,627,140	25,874,986

IPG UNIT TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	$	$
Balance at the beginning of the financial year	25,874,986	25,103,457
Increase/(decrease) in net assets attributable to unitholders	3,752,154	771,529
Balance at the end of the financial year	29,627,140	25,874,986

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		30 June 2016	30 June 2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		1,162,306	3,065,133
Interest income received		836,260	836,950
Net cash inflow/(outflow) from operating activities	4(b)	1,998,566	3,902,083
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(2,254,635)	(3,139,082)
Net cash inflow/(outflow) from financing activities		(2,254,635)	(3,139,082)
Net increase/(decrease) in cash and cash equivalents held		(256,069)	763,001
Cash and cash equivalents at the beginning of the financial year		1,834,590	1,071,589
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4(a)	1,578,521	1,834,590

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The IPG Unit Trust (the "Trust") is an unregistered unit trust. AMP Capital Investors Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at 33 Alfred Street, Sydney, NSW 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year is the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities

The fair value of unlisted equity securities is determined by the Investment Manager using the discounted cash flow methodology. This methodology has been approved by the Trustee.

(d) Loans and Advances

Loans and advances to customers include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and advances are initially recognised at fair value and are subsequently remeasured to amortised cost using the effective interest method, less any allowances for impairment. Amortised cost is determined by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest method. Ongoing reviews of asset values are conducted to assess for any indicators of impairment during the financial year. Where the carrying value exceeds the recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income.

(e) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets is set out in Note 1(b).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Significant Accounting Judgements, Estimates and Assumptions (continued)

Impairment of financial assets

The Trust assesses at each balance date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(f) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Interest income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(g) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(h) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(i) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(j) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at their nominal amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off when identified less any allowance for doubtful debts. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(k) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. Net assets attributable to unitholders are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(l) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from net changes in the fair value of financial assets and derivative financial instruments, accrued income not yet assessable, expenses provided for or accrued but not yet deductible, tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

(n) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(o) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed
- receive income distributions
- attend and vote at meetings of unitholders
- participate in the termination and winding up of the Trust.

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calcualted on a forward pricing basis as the redemption price per unit less any estimated transaction costs.

(p) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

	30 June 2016 $	30 June 2015 $
NOTE 2: RECEIVABLES		
Interest receivable	55	427
	55	427

	30 June 2016 Units	30 June 2015 Units
NOTE 3: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	28,632,412	28,632,412
Closing balance	28,632,412	28,632,412

	30 June 2016 $	30 June 2015 $
NOTE 4: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:		
Cash at bank	1,578,521	1,834,590
	1,578,521	1,834,590
(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities		
Net profit/(loss) attributable to unitholders before finance costs	5,750,402	4,673,788
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(3,752,208)	(771,446)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	372	(259)
Net cash inflow/(outflow) from operating activities	1,998,566	3,902,083

NOTE 5: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2016 (30 June 2015: nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

NOTE 6: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2016 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 7: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the IPG Unit Trust for the financial year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors of AMP Capital Investors Limited on 8 September 2016.

IPG UNIT TRUST

STATEMENT BY THE TRUSTEE

As stated in Note 1(b) to the Financial Statements, in the Trustee's opinion, the Trust is not a "reporting entity".

In accordance with a resolution of the Directors of AMP Capital Investors Limited, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

  (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

  (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

8 September 2016, Sydney

LBC Unit Trust

Special Purpose Financial Report

30 June 2016

LBC Unit Trust

Trustee's Report

The directors of the Trustee Company, STC Funds Nominee Pty Ltd (the "Trustee"), present their report together with the special purpose financial report of LBC Unit Trust (the "Trust") for the year ended 30 June 2016.

Directors

The directors of the Trustee at any time during or since the end of the financial year are:

L Buck
J Livanas

Principal activities

The principal activity of the Trust from its inception on 25 May 2007 to 30 June 2016 was to be an investment trust.

There were no significant changes in the nature of the activities during the year.

Review and Results of operations

The net profit for the year was $12,192,200 (2015: $53,368,019).

Distributions

No distributions were made to unit holders during the year.

State of affairs

In the opinion of the Trustee there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Events subsequent to balance date

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Likely developments

In the opinion of the Trustee, information about likely developments in the operations of the Trust and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

LBC Unit Trust
Trustee's Report

Interest of the Trustee

There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Trust for insurance cover provided to the Trustee or auditor of the Trust. If the Trustee acts in accordance with the constitution and the law, the Trustee is generally entitled to indemnity out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is not indemnified out of the assets of the Trust.

Options

No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of the Trustee:

....
Director

Dated at .... this 20th day of October 2016.

LBC Unit Trust
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue from operating activities	2	12,192,200	53,368,019
Expenses from operating activities	3	-	-
Profit for the year		12,192,200	53,368,019

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

LBC Unit Trust
Statement of Changes in Equity
For the year ended 30 June 2016

	Units	Contributed unit capital $	Retained earnings $	Total $
Balance 1 July 2015	62,486,284	102,900,770	28,785,537	131,686,307
Issue of new units	19,620,251	19,620,251	-	19,620,251
Profit attributable to Trust	-	-	12,192,200	12,192,200
Distributions paid to unit holders	-	-	-	-
Balance 30 June 2016	82,106,535	122,521,021	40,977,737	163,498,758

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

LBC Unit Trust
Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
Current assets			
Settlement sum		165	165
Total current assets		165	165
Non-current assets			
Investments	4	163,498,593	131,686,142
Total non-current assets		163,498,758	131,686,142
Total assets		163,498,758	131,686,307
Current liabilities		-	-
Total current liabilities		-	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Net assets attributable to unit holders		163,498,758	131,686,307
Net assets attributable to unit holders - Equity		163,498,758	131,686,307

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

LBC Unit Trust
Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities		-	-
Net cash provided by operating activities		-	-
Cash flows from investing activities			
Interest received		-	-
Purchase of units or shares		(19,620,251)	-
Net cash provided by investing activities		(19,620,251)	-
Cash flows from financing activities			
Distribution to unit holders		-	-
Issue of additional units		19,620,251	-
Net cash provided by financing activities		19,620,251	-
Net increase in cash held		-	-
Cash at the beginning of the year		-	-
Cash at the end of the year		-	-

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 10.

Note 1 Statement of Significant Accounting Policies

The undertakings of the Trust are carried out by the Trustee, STC Funds Nominee Pty Ltd, on behalf of the Trust. The Trust was established for the purpose of acquiring shares in Challenger LBC Terminals Holding Company Ltd.

In the opinion of the Trustee the Trust is not a reporting entity. The financial report of the Trust has been drawn up as a special purpose financial report in order to fulfill the Trustee's duties under the Trust Deed to prepare financial statements.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
AASB 1048 *Interpretation of Standards*

No other accounting standards, accounting interpretations or other authoritative pronouncements of the AASB have been applied.

(a) Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 1 Statement of Significant Accounting Policies (continued)

(b) Financial Instruments

Recognition
Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Financial liabilities
Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Fair value
Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

		2016 $	2015 $
Note 2	**Revenue**		
	Movement in fair value of financial assets	12,192,200	53,368,019
		12,192,200	53,366,019
Note 3	**Expenses**		
	Movement in fair value of financial assets	-	-
Note 4	**Investments**		
	Non-current		
	Unlisted investment – Challenger LBC Terminals Holding Company Ltd (at Custodian valuation)	163,498,593	131,686,142

Note 5 Related Parties

The names of each person holding the position of director of the Trustee Company, STC Funds Nominee Pty Ltd, during or since the end of the financial year are:

L Buck
J Livanas

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 6 Commitments, contingent assets and contingent liabilities

At 30 June 2016 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 7 Trust details

The registered office of the Trust is:

c/- SAS Trustee Corporation
Level 16
83 Clarence Street
Sydney NSW 2000

LBC Unit Trust
Statement by Trustee

The directors of the Trustee Company, STC Funds Nominee Pty Ltd, declare that the Trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of STC Funds Nominee Pty Ltd, the Trustee:

1. (a) the LBC Unit Trust has operated during the year ended 30 June 2016 in accordance with the provisions of the Trust Deed dated 25 May 2007; and

   (b) the accompanying financial statements, consisting of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and accompanying notes set out on pages 3 to 10 are properly drawn up in accordance with the basis of accounting described in Note 1 and the Trust Deed so as to present fairly the financial position of the Trust as at 30 June 2016 and the revenue and expenses of the Trust for the year ended 30 June 2016.

2. There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of the STC Funds Nominee Pty Ltd:

....
Director

Dated at .... this 20th day of October 2016.

Pisco STC Funds Unit Trust No.1

Special Purpose Financial Report – 30 June 2016

Contents | **Page**

These financial statements cover Pisco STC Funds Unit Trust No. 1 as an individual entity.

The Trustee of Pisco STC Funds Unit Trust No. 1 is Fidante Partners Services Limited (ABN 44 119 605 373).

The Trustee's registered office is:
Level 2, 5 Martin Place
SYDNEY NSW 2000

Directors' report

The directors of the Trustee Company, Fidante Partners Services Limited (the "Trustee"), present their report together with the special purpose financial report of Pisco STC Funds Unit Trust No.1 (the "Trust") for the year ended 30 June 2016.

Directors

The following persons held office as directors of Fidante Partners Services Limited during the year or since the end of the year and up to the date of this report:

B J O'Connor
P D Rogan
I Saines
A Tobin
R Willis

Principal activities

The principal activity of the Trust during the year was to invest in accordance with the provisions of the Trust Deed, being a 29.2% interest in GasValpo Jersey Holding Company Limited (GasValpo).

There were no significant changes in the nature of the Trust's activities during the year.

Review and results of operations

The performance of the Trust, as represented by the results of its operations, was as follows:

	2016 $	2015 $
Net operating profit/(loss)	1,627,953	2,707,863
Distributions paid and payable	1,539,003	848,922

There was no return of capital from GasValpo in 2016 (2015: $14,537,409) paid to its unitholder.

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly:

- the operations of the Trust in future financial years;
- the results of those operations in future financial years; and
- the state of affairs of the Trust in future financial years.

Likely developments

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Deed.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Fidante Partners Services Limited. So long as the officers of Fidante Partners Services Limited act in accordance with the Trust Deed and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Fees paid to and interests held in the Trust by the Trustee

There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Interests in the Trust

The Trust is a closed fund with 44,238,125 (2015: 44,238,125) units on issue.

Value of assets	2016 $	2015 $
Value of Trust assets at 30 June	58,462,662	58,373,712

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

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

Options

No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of directors:

....

B J O'Connor
Director

Sydney
9 September 2016

Statement of comprehensive income

	Note	2016 $	2015 $
Income			
Dividends received		1,534,881	843,837
Interest received		493	968
Foreign currency gain		1,498,431	12,267,828
Total income		**3,033,805**	**13,112,633**
Expenses			
Foreign currency loss		-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	(1,405,852)	(10,404,770)
Total expenses		**(1,405,852)**	**(10,404,770)**
Profit/(loss) before finance costs		**1,627,953**	**2,707,863**
Finance costs attributable to unitholders			
Distributions to unitholders	4	(1,539,003)	(848,922)
(Increase)/decrease in net assets attributable to unitholders	6	(88,950)	(1,858,941)
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

Statement of financial position

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents		1,979	1,506
Total current assets		1,979	1,506
Non-current assets			
Financial assets held at fair value through profit or loss	5	58,460,683	58,372,206
Total non-current assets		58,460,683	58,372,206
Total assets		58,462,662	58,373,712
Current liabilities		-	-
Distributions payable	4	-	-
Return of capital payable		-	-
Total current liabilities			-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities (excluding net assets attributable to unitholders)		-	-
Net assets attributable to unitholders - liability	6	58,462,662	58,373,712

Statement of changes in net assets attributable to unitholders

	2016 $	2015 $
At 1 July - opening	**58,373,712**	**71,052,180**
Change in net assets attributable to unitholders	88,950	1,858,941
Calls of capital	-	-
Return of capital	-	(14,537,409)
At 30 June - closing	**58,462,662**	**58,373,712**

Net assets attributable to unitholders represent the liability to unitholders in the event the unitholder exercises its option to redeem its units.

Statement of cash flows

	Note	2016 $	2015 $
Cash flows from operating activities			
Interest received		493	968
Dividends received		1,534,881	843,837
Net cash provided by operating activities	8	1,535,374	844,805
Cash flows from investing activities			
Return of capital		-	14,379,398
Calls on capital		-	-
Net cash provided by investing activities		-	14,379,398
Cash flows from financing activities			
Capital return		-	(14,847,086)
Capital calls		-	-
Distributions to unitholders		(1,539,003)	(1,153,334)
Net cash provided by financing activities		(1,539,003)	(16,000,420)
Effects of exchange rate changes on cash and cash equivalents		4,102	162,804
Net increase/(decrease) in cash held		473	(613,413)
Cash at the beginning of the year		1,506	614,919
Cash at the end of the year		1,979	1,506

Note 1 General information

These special purpose financial statements cover Pisco STC Funds Unit Trust No. 1 ('the Trust') as an individual entity. The Trust is an Australian unregistered scheme. The Trust will terminate in accordance with the provisions of the Trust Deed.

SAS Trustee Corporation Pooled Fund is the only unitholder of the Trust. The Trust is a controlled entity of SAS Trustee Corporation Pooled Fund.

The nature of the operating and principal activities of the Trust are described in the directors' report. The Trust is a for profit entity.

Note 2 Summary of significant accounting policies

The directors have determined that the Trust is not a reporting entity and accordingly these financial statements are special purpose financial statements prepared for the sole purpose of distributing financial statements to members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 2 Summary of significant accounting policies (continued)

Financial Instruments

Classification
The Trust's investments are classified as at fair value through profit or loss. They comprise financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in unlisted investment vehicles.

Recognition/derecognition
Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership.

Measurement
Financial assets and liabilities held at fair value through profit or loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Fair value in an inactive or unquoted market
The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. These include the use of discounted cash flow models and recent comparable market transactions, or any other valuation methodology that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow methodology is used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date. For other pricing models, inputs are based on market data at the end of the reporting period. Where valuations are used to determine the fair value, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range.

The fair value of the financial assets are measured net of disposal costs.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Net assets attributable to unitholders
Units are redeemable at the unitholders' option and are classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholder exercised their right to redeem units in the Trust.

Note 2 Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Payments and receipts relating to the purchase and sale of investment interests designated at fair value are classified as cash flows from investing activities, as movements in the fair value of these interests represent the Trust's investment activity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

Financial liabilities

Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

Impairment

At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.
Impairment losses are recognised in the income statement.

Investment income

Dividend income is recognised on the ex-dividend date when the right to receive payment is established with any related foreign withholding tax recorded as an expense.

Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

Note 2 Summary of significant accounting policies (continued)

Distributions

In accordance with the Trust Deed, the Trust distributes income adjusted for amounts determined by the Trustee, to unitholders by cash. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

Change in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

Receivables

Receivables may include amounts for dividends, and are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Payables

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

Foreign currency

Transactions in foreign currencies are translated into presentation currency, Australian dollars, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Australian dollars at the foreign exchange rate ruling at the reporting date.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction. Non-monetary items measured at fair value in a foreign currency shall be translated to Australian dollars using the exchange rates ruling at the date when the fair value was determined.

Use of estimates

The Trust holds financial assets which are determined based on estimates and assumptions of future events. Financial assets are fair valued every six months using valuation methodology as described in Note 5. Where valuation methodology (for example, discounted cash flow models) is used to determine fair values, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range. Models use observable data, to the extent practicable. Changes in assumptions could materially affect the reported fair value of financial assets

Note 2 Summary of significant accounting policies (continued)

Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value per class. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

Note 3 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial instruments held at fair value through profit or loss:

	2016 $	2015 $
Designated at fair value	(1,405,852)	(8,983,743)
Less: Adjustment relating to recognition of net fair value on financial instruments instead of gross fair value as at 30 June 2015	-	(1,421,027)
Net gain/(loss) on financial instruments held at fair value through profit or loss	(1,405,852)	(10,404,770)

Note 4 Distributions to unitholders

The distributions for the year were as follow:

	2016 $	2015 $
Distributions paid	1,539,003	848,922
Distributions payable	-	-
	1,539,003	848,922

The component of the final distribution for the year which was unpaid at the reporting date is shown in the statement of financial position.

Note 5 Financial assets held at fair value through profit or loss

	2016	2015
Designated at fair value through profit or loss	$	$
Unlisted investment – GasValpo	58,460,683	58,372,206
Total financial assets held at fair value through profit or loss	58,460,683	58,372,206

Note 5 Financial assets held at fair value through profit or loss (continued)

The carrying value presented above, and as recorded by the custodian, reflects the net fair market value of the investment in GasValpo, post-realisation costs of 2% (2015 net fair value: $58,372,206). The fair value of the investment in GasValpo has been determined by an independent expert, using a discounted cash flow model. The market discount rate calculated and used at 30 June 2016 is 11.25% (2015: 11.25%).

The independent expert as at 30 June 2016 was PwC (2015: PwC).

Note 6 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year are set out below. As stipulated within the Trust Deed, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights, preferences and restrictions attaching to it as all other units of the Trust.

2016	Initial units	Contributed unit capital	Retained earnings	Total
	($)	($)	($)	($)
Balance 1 July 2015	107	18,188,712	40,184,893	58,373,712
Return of Capital		-	-	-
Calls on Capital		-	-	-
Increase/(decrease) in net assets attributable to unitholders		-	88,950	88,950
Balance 30 June 2016	107	18,188,712	40,273,843	58,462,662

Note 6 Net assets attributable to unitholders (continued)

2015	Initial units ($)	Contributed unit capital ($)	Retained earnings ($)	Total ($)
Balance 1 July 2014	107	32,726,121	38,325,952	71,052,180
Return of Capital	-	(14,537,409)	-	(14,537,409)
Calls on Capital	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	1,858,941	1,858,941
Balance 30 June 2015	107	18,188,712	40,184,893	58,373,712

Capital risk management
The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The Trust receives dividends and pays distributions. All Trust expenses were paid by SAS Trustee on behalf of the Trust during the year.

Note 7 Related party transactions

The Trustee of Pisco STC Funds Unit Trust No. 1 is Fidante Partners Services Limited whose immediate parent company is Challenger Funds Management Holdings Pty Limited and ultimate parent company is Challenger Limited.

Key management personnel
Key management personnel includes persons who were directors of Fidante Partners Services Limited at any time during the financial year and up to the date of the report as follows:

B J O'Connor
P D Rogan
I Saines
A Tobin
R Willis

Other key management personnel
The Trustee is considered to be the key management personnel with authority for the strategic direction and management of the Trust.

Key management personnel compensation
No amount is paid by the Trust directly to the directors of the Trustee.

Note 7 Related party transactions (continued)

Key management personnel unitholdings

At 30 June 2016 no key management personnel held units in the Trust (2015: Nil).

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 8 Reconciliation of profit to net cash inflow from operating activities

	2016 $	2015 $
Net profit attributable to unitholders	1,627,953	2,707,863
Change in the fair value of financial assets	1,405,852	10,404,770
Foreign exchange (gains)/losses	(1,498,431)	(12,267,828)
Net change in other assets and liabilities	-	-
Net cash inflow from operating activities	**1,535,374**	**844,805**

Note 9 Events occurring after the reporting period

No significant events have occurred since the reporting date which would impact on the financial position of the Trust as at 30 June 2016 or on the results and cash flows of the Trust for the year ended on that date.

Note 10 Commitments, contingent assets and contingent liabilities

At 30 June 2016 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 11 Trust details

The registered office of the Trust is:

C/- Fidante Partners Services Limited
Level 2
5 Martin Place
Sydney NSW 2000

Directors' declaration

In accordance with the resolution of the directors of Fidante Partners Services Limited, I state that:

In the opinion of the directors:

(a) the Trust is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 4 to 15:
   (i) give a true and fair view of the Trust's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
   (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2 to the financial statements; and

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Fidante Partners Services Limited

....

B J O'Connor
Director

Sydney
9 September 2016

Pisco STC Funds Unit Trust No.2

Special Purpose Financial Report – 30 June 2016

Contents

These financial statements cover Pisco STC Funds Unit Trust No.2 as an individual entity.

The Trustee of Pisco STC Funds Unit Trust No.2 is Fidante Partners Services Limited (ABN 44 119 605 373).

The Trustee's registered office is:
Level 2, 5 Martin Place
SYDNEY NSW 2000

Directors' Report

The directors of the Trustee Company, Fidante Partners Services Limited (the "Trustee"), present their report together with the special purpose financial report of Pisco STC Funds Unit Trust No.2 (the "Trust") for the year ended 30 June 2016.

Directors

The following persons held office as directors of Fidante Partners Services Limited during the year or since the end of the year and up to the date of this report:

B J O'Connor
P D Rogan
I Saines
A Tobin
R Willis

Principal activities

The principal activity of the Trust during the year was to invest in accordance with the provisions of the Trust Deed, being a 13.9% interest in the Challenger Limited and Mitsui Emerging Markets Infrastructure Fund (EMIF).

There were no significant changes in the nature of the Trust's activities during the year.

Review and results of operations

The performance of the Trust, as represented by the results of its operations, was as follows:

	2016 $	2015 $
Net operating profit/(loss)	1,295,394	6,046,876
Distributions paid and payable	1,670,150	4,714,149

There was no return of capital from EMIF in 2016 (2015: $4,505,657) paid to its unitholder. There were capital calls of $401,813 to EMIF in 2016 (2015: $5,458,916).

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Trustee of the Trust, to affect significantly:

- the operations of the Trust in future financial years;
- the results of those operations in future financial years; and
- the state of affairs of the Trust in future financial years.

Likely developments

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Deed.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Fidante Partners Services Limited. So long as the officers of Fidante Partners Services Limited act in accordance with the Trust Deed and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Fees paid to and interests held in the Trust by the Trustee

There were no fees paid to the Trustee and its associates out of the Trust's property during the period.

The Trustee held no units in the Trust at year end.

Interests in the Trust

The Trust is a closed fund with 24,126,039 (2015: 24,126,039) units on issue.

Value of assets	2016 $	2015 $
Value of Trust assets at 30 June	24,472,553	24,445,496

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

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

Options

No options have been granted to any person in relation to any units in the Trust.

Signed in accordance with a resolution of directors:

....
B J O'Connor
Director

Sydney
9 September 2016

Statement of comprehensive income

	Note	2016 $	2015 $
Income			
Distribution received		2,073,151	4,788,084
Interest received		160	895
Management fee rebate		263,250	250,295
Foreign currency gain		80,038	4,298,996
Total income		**2,416,599**	**9,338,270**
Expenses			
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	(1,121,205)	(3,291,393)
Foreign currency loss		-	-
Total expenses		**(1,121,205)**	**(3,291,393)**
Profit/(loss) before finance costs		**1,295,394**	**6,046,876**
Finance costs attributable to unitholders			
Distributions to unitholders	4	(1,670,150)	(4,714,149)
(Increase)/decrease in net assets attributable to unitholders	6	374,756	(1,332,727)
Other comprehensive income		-	-
Total comprehensive income for the year		**-**	**-**

Statement of financial position

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents		131,792	993
Total current assets		131,792	993
Non-current assets			
Financial assets held at fair value through profit or loss	5	24,340,761	24,444,503
Total non-current assets		24,340,761	24,444,503
Total assets		24,472,553	24,445,496
Current liabilities		-	-
Total current liabilities		-	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities (excluding net assets attributable to unitholders)		-	-
Net assets attributable to unitholders - liability	6	24,472,553	24,445,496

Statement of changes net assets attributable to unitholders

	2016 $	2015 $
At 1 July - opening	**24,445,496**	**22,159,510**
Change in net assets attributable to unitholders	(374,756)	1,332,727
Calls of capital	401,813	5,458,916
Return of capital	-	(4,505,657)
At 30 June - closing	**24,472,553**	**24,445,496**

Statement of cash flows

	Note	2016 $	2015 $
Cash flows from operating activities			
Dividends received		2,073,151	4,788,084
Interest received		160	895
Management fee rebate		263,250	250,295
Net cash provided by operating activities	9	2,336,561	5,039,274
Cash flows by investing activities			
Calls on capital		(401,814)	(593,877)
Purchase of additional units		-	(5,149,843)
Return of capital		-	4,775,304
Net cash provided by investing activities		(401,814)	(968,416)
Cash flows from financing activities			
Distributions to unitholders		(1,670,150)	(4,714,149)
Capital calls		401,814	5,458,915
Capital repayment to unitholders		-	(4,505,657)
Net cash provided by financing activities		(1,268,336)	(3,760,891)
Effects of exchange rate changes on cash and cash equivalents		(535,612)	(309,072)
Net increase/(decrease) in cash held		130,799	895
Cash at the beginning of the year		993	98
Cash at the end of the year		131,792	993

Note 1 General information

These special purpose financial statements cover Pisco STC Funds Unit Trust No.2 ('the Trust') as an individual entity. The Trust is an Australian unregistered scheme. The Trust will terminate in accordance with the provisions of the Trust Deed.

SAS Trustee Corporation Pooled Fund is the only unitholder of the Trust. The Trust is a controlled entity of SAS Trustee Corporation Pooled Fund.

The nature of the operating and principal activities of the Trust are described in the directors' report. The Trust is a for profit entity.

Note 2 Summary of significant accounting policies

The directors have determined that the Trust is not a reporting entity and accordingly these financial statements are special purpose financial statements prepared for the sole purpose of distributing financial statements to members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared in accordance with the requirements of the following accounting standards adopted by the Australian Accounting Standards Board ("AASB").

AASB 101 *Presentation of Financial Statements*
AASB 107 *Statement of Cash Flows*
AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of a financial report in conformity with Australian Standards requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

Note 2 Summary of significant accounting policies (continued)

Financial Instruments

Classification
The Trust's investments are classified as at fair value through profit or loss. They comprise financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in unlisted investment vehicles.

Recognition/derecognition
Financial Instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership.

Measurement
Financial assets and liabilities held at fair value through profit or loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and with the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categories as held for trading unless they are designed as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Fair value in an inactive or unquoted market
The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. These include the use of discounted cash flow models and recent comparable market transactions, or any other valuation methodology that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow methodology is used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date. For other pricing models, inputs are based on market data at the end of the reporting period. Where valuations are used to determine the fair value, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range.

The fair value of the financial assets are measured net of disposal costs.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Net assets attributable to unitholders
Units are redeemable at the unitholders' option and are classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholder exercised their right to redeem units in the Trust.

Note 2 Summary of significant accounting policies (continued)

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Payments and receipts relating to the purchase and sale of investment interests designated at fair value are classified as cash flows from investing activities, as movements in the fair value of these interests represent the Trust's investment activity.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. Gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

Financial liabilities
Non-derivative financial liabilities are reflected at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

Impairment
At each reporting date, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.
Impairment losses are recognised in the income statement.

Investment income
Dividend income is recognised on the ex-dividend date when the right to receive payment is established with any related foreign withholding tax recorded as an expense.

Income tax
Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

Note 2 Summary of significant accounting policies (continued)

Distributions
In accordance with the Trust Deed, the Trust distributes income adjusted for amounts determined by the Trustee, to unitholders by cash. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

Change in net assets attributable to unitholders
Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

Receivables
Receivables may include amounts for dividends, and are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Payables
The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

Foreign currency
Transactions in foreign currencies are translated into presentation currency, Australian dollars, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Australian dollars at the foreign exchange rate ruling at the reporting date.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction. Non-monetary items measured at fair value in a foreign currency shall be translated to Australian dollars using the exchange rates ruling at the date when the fair value was determined.

Use of estimates
The Trust holds financial assets which are determined based on estimates and assumptions of future events. Financial assets are fair valued every six months using valuation methodology as described in Note 5. Where valuation methodology (for example, discounted cash flow models) is used to determine fair values, the valuation range is determined by an independent expert. The directors determine the fair value to adopt within this range. Models use observable data, to the extent practicable. Changes in assumptions could materially affect the reported fair value of financial assets

Note 2 Summary of significant accounting policies (continued)

Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value per class. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

Note 3 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial instruments held at fair value through profit or loss:

	2016 $	2015 $
Designated at fair value	(1,121,205)	(3,290,749)
Less: Adjustment relating to change in recognition of net fair value on financial instruments as at 30 June 2015	-	(644)
Net gain/(loss) on financial instruments held at fair value through profit or loss	(1,121,205)	(3,291,393)

Note 4 Distributions to unitholders

The distributions for the year were as follows:

	2016 $	2015 $
Distributions paid	1,670,150	4,714,149

Note 5 Financial assets held at fair value through profit or loss

	2016	2015
Designated at fair value through profit or loss	$	$
Unlisted investment – EMIF	24,340,761	24,444,503
Total financial assets held at fair value through profit or loss	24,340,761	24,444,503

Note 5 Financial assets held at fair value through profit or loss (continued)

The carrying value presented above, and as recorded by the custodian, reflects the net fair market value of the investment in EMIF, post realisation costs.

The fair value has been determined using the Manager's valuation of EMIF's underlying assets.

Note 6 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year are set out below. As stipulated within the Trust Deed, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights, preferences and restrictions attaching to it as all other units of the Trust.

2016	Initial units ($)	Contributed unit capital ($)	Retained earnings ($)	Total ($)
Balance 1 July 2015	106	23,622,025	823,365	24,445,496
Return of capital	-	-	-	-
Calls on capital	-	401,813	-	401,813
Increase/(decrease) in net assets attributable to unitholders	-	-	(374,756)	(374,756)
Balance 30 June 2016	106	24,023,838	448,609	24,472,553

2015	Initial units ($)	Contributed unit capital ($)	Retained earnings ($)	Total ($)
Balance 1 July 2014	106	22,668,766	(509,362)	22,159,510
Return of capital	-	(4,505,657)	-	(4,505,657)
Calls on capital	-	5,458,916	-	5,458,916
Increase/(decrease) in net assets attributable to unitholders	-	-	1,332,727	1,332,727
Balance 30 June 2015	106	23,622,025	823,365	24,445,496

Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The Trust receives dividends and pays distributions. All Trust expenses were paid by SAS Trustee on behalf of the Trust during the year.

Note 7 Capital commitments

The total capital commitments to EMIF by the Trust as at 30 June 2016 are US$38.0m (2015: US$38.0m), of which US$19.1m is unpaid as at 30 June 2016 (2015: US$19.1m).

Note 8 Related party transactions

The Trustee of Pisco STC Funds Unit Trust No.2 is Fidante Partners Services Limited whose immediate parent company is Challenger Funds Management Holdings Pty Limited and ultimate parent company is Challenger Limited.

Key management personnel
Key management personnel includes persons who were directors of Fidante Partners Services Limited at any time during the financial year and up to the date of the report as follows:

B J O'Connor
P D Rogan
I Saines
A Tobin
R J Woods

Other key management personnel
The Trustee is considered to be the key management personnel with authority for the strategic direction and management of the Trust.

Key management personnel compensation
No amount is paid by the Trust directly to the directors of the Trustee.

Key management personnel unitholdings
At 30 June 2016 no key management personnel held units in the Trust (2015: Nil).

No director has entered into a material contract with the Trust and there were no material contracts involving directors existing at the year end.

There were no contracts involving the Trustee Company and the Trust existing at year end.

Note 9 Reconciliation of profit to net cash inflow from operating activities

	2016 $	2015 $
Net profit attributable to unitholders	1,295,394	6,046,876
Change in the fair value of financial assets	1,121,205	3,291,393
Foreign exchange (gains)/losses	(80,038)	(4,298,996)
Net change in other assets	-	-
Net cash inflow from operating activities	**2,336,561**	**5,039,274**

Note 10 Events occurring after the reporting period

No significant events have occurred since the reporting date which would impact on the financial position of the Trust as at 30 June 2016 or on the results and cash flows of the Trust for the year ended on that date.

Note 11 Commitments, contingent assets and contingent liabilities

At 30 June 2016 there were no material commitments for capital expenditure, lease hire expenditure, nor any other type of expenditure not included in the accounts, nor were there any contingent liabilities or contingent assets.

Note 12 Trust details

The registered office of the Trust is:

C/- Fidante Partners Services Limited
Level 2,
5 Martin Place
Sydney NSW 2000

Directors' declaration

In accordance with the resolution of the directors of Fidante Partners Services Limited, I state that:

In the opinion of the directors:

(a) the Trust is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes set out on pages 4 to 15:
   (i) give a true and fair view of the Trust's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
   (ii) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2 to the financial statements; and

(c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Fidante Partners Services Limited

....

B J O'Connor
Director

Sydney
9 September 2016

Project Cricket State Super Unit Trust

ABN 29 239 066 746

Financial Statements
for the year ended 30 June 2016

Statement of Comprehensive Income

	Notes	2016 $'000	2015 $'000
Income			
Interest income	3	930	803
Dividend income	4	2,862	5,518
Distribution income		5	-
Net gain/(loss) - securities	5	17,938	(13,694)
Net gain/(loss) - cash and cash equivalents		-	93
Total income/(loss)		21,735	(7,280)
Expenses			
Security acquisition costs		-	276
Tax fees		(4)	4
Total expenses		(4)	280
Operating profit/(loss) before finance costs attributable to unitholders		21,739	(7,560)
Finance costs attributable to unitholders			
Distributions to unitholders	6	(3,709)	(6,409)
(Increase)/decrease in net assets attributable to unitholders		(18,030)	13,969
Total finance costs attributable to unitholders		(21,739)	7,560
Profit for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Notes	2016 $'000	2015 $'000
Assets			
Cash and cash equivalents	7(b)	**6,260**	2,463
Receivables	8	**220**	220
Securities	9	**176,336**	158,398
Total assets		**182,816**	161,081
Liabilities			
Payables	10	**6,590**	2,885
Total liabilities (excluding net assets attributable to unitholders)		**6,590**	2,885
Net assets attributable to unitholders - liability		**176,226**	158,196
Represented by:			
Issued units	11(a)	**279,517**	279,517
Undistributed (profit)/loss attributable to unitholders	11(c)	**(103,291)**	(121,321)
Total unitholders' interests		**176,226**	158,196

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

In accordance wuth AASB 132 *Financial Instruments: Disclosure and Presentation*, unitholders' funds are classified as a liability and accordingly the Trust has no equity for financial statement purposes.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Dividends received		2,862	5,518
Interest received		930	583
Distributions received		5	-
Net cash inflow/(outflow) from operating activities	7(a)	3,797	6,101
Cash flows from investing activities			
Payment of security acquisition costs		-	(276)
Net cash inflow/(outflow) from investing activities		-	(276)
Cash flows from financing activities			
Distributions paid		-	(3,528)
Payment for unit redemptions		-	(7,045)
Net cash inflow/(outflow) from financing activities		-	(10,573)
Net increase/(decrease) in cash and cash equivalents		3,797	(4,748)
Cash and cash equivalents at the beginning of the financial year		2,463	7,118
Effects of exchange rate changes on cash and cash equivalents		-	93
Cash and cash equivalents at the end of the year	7(b)	6,260	2,463

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General information

These financial statements cover Project Cricket State Super Unit Trust ("the Trust") as an individual entity. The Trust was established in Australia under a Trust Deed dated 19 October 2007 (as amended).

The Trustee of the Trust is STC Funds Nominee Pty Ltd (the "Trustee").

The registered office of the Trustee is located at Level 16, 83 Clarence Street, Sydney, NSW 2000.

The principal activity of the Trust during the year was to invest in Queensland Airports Limited and QAL International Holdings Trust. There was no change in the principal activity of the Trust during the year.

As at 30 June 2016, the Trust had nil employees (2015 - nil employees).

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods, unless otherwise stated.

(a) Basis of preparation

In the opinion of the directors' of the Trustee, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the sole purpose of complying with the Trust Deed requirements to prepare and distribute financial statements to the unitholders and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the unitholders.

The financial statements have been prepared in accrodance with the basis of accounting and disclosure requirements specified by Australian Accounting Standards (including interpretations), except the disclosure requirements of the pronouncements listed below:

AASB 7 *Financial Instruments: Disclosures*
AASB 12 *Disclosure of Interests in Other Entities*
AASB 13 *Fair Value Measurement*
AASB 124 *Related Party Disclosures*
AASB 132 *Financial Instruments: Presentation*

The financial statements have been prepared on a historical cost basis, except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current.

The functional and presentation currency of the Trust is Australian dollars.

The financial statements of the Trust for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors of the Trustee. The directors of the Trustee have the power to amend and reissue the financial statements.

New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Trust.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Trust. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

(i) AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The final version of the standard highlights the new hedging rules, measurement of debt instruments and impairment losses. The standard is not applicable until 1 January 2018 but is available for early adoption.

The Trust will apply the new standard from 1 July 2018. The Trust is yet to fully assess the impact of applying the new standard.

(ii) AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2018).

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, therefore the notion of control replaces the existing notion of risks and rewards.

The Trust's main source of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the adoption of the new revenue recognition rules is not expected to have a significant impact on the Trust's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

(c) Significant accounting estimates, judgements and assumptions

In applying the Trust's accounting policies management continually evaluates estimates, judgements and assumptions based on experience and other factors including expectations of future events that may have an impact on the entity. All estimates, judgements and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the estimates, judgements and assumptions.

Significant estimates, judgements and assumptions are outlined below:

Valuation of unlisted securities

The fair value of unlisted securities held as at 30 June 2016 was $176,336,000 (2015 - $158,398,000).

The fair value of unlisted securities were determined by an appropriately qualified independent valuer, KPMG, by projecting future cash flows and then discounting these cash flows back to their present value using a post tax, risk adjusted discount rate.

Further information relating to unlisted securities is provided in Note 2(g).

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Trust operates ("the functional currency"). The financial statements are presented in Australian Dollars, which is the Trust's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(e) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Statement of Financial Position.

(f) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables may include interest and trust distributions. Interest and trust distributions are accrued in accordance with the policy set out in Note 2(k).

All receivables, unless otherwise stated, are non-interest bearing, unsecured and generally received within 30 days of being recorded as receivables.

(g) Securities

Securities are recorded at fair value through profit or loss upon initial recognition. Costs incidental to the acquisition of securities are recognised in the profit or loss when incurred.

Purchases and sales of securities that require delivery within the time frame generally established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Trust commits to purchase or sell the securities.

Unlisted securities

Unlisted securities comprise ordinary shares and shareholder loans in an unlisted company; and ordinary units in an unregistered unit trust.

After initial recognition, unlisted securities are measured at fair value as they are managed and their performance evaluated on a fair value basis in accordance with the Trust's investment strategy.

The fair value of unlisted securities comprising units in an unregistered unit trust are determined by reference to the bid unit prices at the close of business at the end of the reporting period as established and advised by unregistered unit trusts' Trustee.

2 Summary of significant accounting policies (continued)

(g) Securities (continued)

The fair value of all other unlisted securities is determined by appropriately qualified independent valuer, KPMG, primarily by reviewing the future cash flows projected by each asset's management team and then discounting those cash flows back to their present value using a post tax, risk adjusted discount rate. The independent valuation is set to be the fair value amount for which the assets could be exchanged, or liabilities settled, between knowledgeable willing parties in an arm's length transaction. The fair market value of the investments does not assume that the assets are actually sold and as such if they were to be realised then there may be potential capital gains tax implications for the Trust or unitholder depending on the structure of any disposal. Discount rates used are developed on an individual unlisted security basis as determined by the independent valuer. KPMG calculates the relevant discount rate applied to the cash flows of each asset using the Capital Asset Pricing Model method, whereby a premium is added to the risk free rate. The premium takes into account the risk of comparable companies and also incorporates firm specific risk. KPMG use their professional judgment in determining the assumed risk free rate for each relevant country with reference made to appropriate historical and spot rates in the relevant location. The Trustee has adopted the KPMG valuations as at 30 June 2016.

Unrealised gains or losses on unlisted equity securities are recognised through profit or loss and represent:

- Movements in the fair value of unlisted equity securities which are held as at the end of the reporting period.

  Unrealised gains or losses on unlisted equity securities which are held as at the end of the reporting period calculated as the difference between the fair value at the end of current reporting period end and the fair value at the end of previous reporting period or the date the unlisted equity securities are acquired.

- Reversal of any life to date unrealised gains or losses as at the previous reporting period in connection with any unlisted equity securities that have been sold, restructured, settled or terminated in the current reporting period.

Realised gains or losses on unlisted equity securities are recognised through profit or loss upon the sale, restructure, settlement or termination of unlisted equity securities and are calculated as the difference between the settlement amount and the fair value upon initial recognition.

Futher information relating to unlisted securities is provided in Note 9.

(h) Payables

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Payables include liabilities and accrued expenses owing by the Trust which are unpaid at the end of the reporting period. The distribution amount payable to unitholders as at the reporting date is recognised when unitholders are presently entitled to the dividend income under the Trust Deed.

All payables, unless otherwise stated, are non-interest bearing, unsecured and generally paid within 30 day terms.

(i) Financial Instruments

Debt and equity instruments issued by the Trust are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. In accordance with AASB 132 *Financial Instruments: Presentation* unitholders interests are defined as "puttable instruments" and therefore classified as liabilities and disclosed in the Statement of Financial Position as net assets attributable to unitholders. Any transaction costs arising on the issue of such financial instruments are recognised as a reduction of the proceeds received.

(j) Net assets attributable to unitholders

Net assets attributable to unitholders comprise the residual interest in the assets of the Trust after deducting its liabilities. It is represented by issued units and undistributed profit/(loss) attributable to unitholders.

2 Summary of significant accounting policies (continued)

(j) Net assets attributable to unitholders (continued)

As units issued by the Trust are classified as financial liabilities, any amounts paid or payable as well as net asset movements attributable to unitholders are recorded as an expense and presented in the Statement of Comprehensive Income as 'finance costs attributable to unitholders'.

(k) Income and expense recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured.

Expenses are recognised in the Statement of Comprehensive Income when the Trust has a present obligation (legal or constructive) as a result of a past event that can be reliably measured and where the expenses do not produce future economic benefits that qualify for recognition in the Statement of Financial Position.

The following specific recognition criteria must also be met before income and expenses are recognised:

Interest income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend and distribution income

Dividend and distribution income is recognised when there is control over the right to receive the dividend or distribution payment.

Trustee fees

Trustee fees are recognised as an expense when incurred.

(l) Distributions

The Trust Deed requires that the Trust distributes to each unitholder an amount representing the distributable income entitlement of each unitholder in respect of a distribution period. Distributable income means either the taxable income of the Trust or the net accounting income of the Trust as determined by the Manager. Taxable income is fully distributed to unitholders.

Where distribution income is determined by reference to the taxable income of the Trust, distributable income includes capital gains arising from the disposal of securities. Unrealised net gains or losses on securities are transferred to the net assets attributable to unitholders and are not distributable and assessable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

(m) Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

(n) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Reduced income tax credits recoverable by the Trust from the Australian Taxation Office (ATO) are recognised as receivables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

2 Summary of significant accounting policies (continued)

(n) Goods and Services Tax (GST) (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

(o) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars unless otherwise indicated.

3 Interest income

	2016 $'000	2015 $'000
Cash and cash equivalents	46	59
Unlisted securities	884	744
Total interest income	930	803

4 Dividend income

	2016 $'000	2015 $'000
Unlisted securities	2,862	5,518
Total dividend income	2,862	5,518

5 Net gain/(loss) - securities

	2016 $'000	2015 $'000
Net gain/(loss) - unlisted securities		
Net gain/(loss) - unrealised	17,938	(13,694)
Total net gain/(loss) - securities	17,938	(13,694)

6 Distributions to unitholders

The distributions for the year were as follows:

	2016 $'000	2015 $'000
Distributions declared and paid	-	3,528
Distributions declared and payable	3,709	2,881
Total distributions to unitholders	3,709	6,409

A distribution of $3,709,111 (2,579.6231 cents per unit) was declared on 30 June 2016 and partially paid on 21 July 2016.

During the year ended 30 June 2015, the following distributions were declared by the Trust:

- a distribution of $ 3,088,000 (2,066.0899 cents per unit) was declared on 31 December 2014 and paid on 15 January 2015;
- a distribution of $222,000 (154.4631 cents per unit) was declared on 28 February 2015 and paid on 11 March 2015;
- a distribution of $231,000 (160.4587 cents per unit) was declared on 31 May 2015 and partially paid on 18 June 2015 and 21 July 2016; and
- a distribution of $2,867,000 (1,994.0857 cents per unit) was declared on 30 June 2015 and paid on 21 July 2016.

7 Cash and cash equivalents

(a) Reconciliation of operating profit/(loss) before finance costs attributable to unitholders to net cash inflow/(outflow) from operating activities

	2016 $'000	2015 $'000
Operating profit/(loss) before finance costs attributable to uniholders	21,739	(7,560)
Adjustments for non-cash and non-operating items		
Net (gain)/loss - cash and cash equivalents	-	(93)
Net (gain)/loss - securities	(17,938)	13,694
Security acquisition costs	-	276
	(17,938)	13,877
Change in operating related assets and liabilities		
(Increase)/decrease in receivables	-	(220)
Increase/(decrease) in payables	(4)	4
	(4)	(216)
Net cash inflow/(outflow) from operating activities	3,797	6,101

(b) Components of cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank	6,260	2,463
Total cash and cash equivalents	6,260	2,463

(c) Significant non-cash financing and investing activities

Current year:

There were no significant non-cash financing and investing activities during the financial year.

Prior year:

On 27 August 2014, the Trust acquired a $172,092,000 interest in Queensland Airports Limited. To fund the acquisition, the Trust issued 143,485 units to its sole unitholder.

There were no other significant non-cash financing and investing activities during the prior financial year.

8 Receivables

	2016 $'000	2015 $'000
Income receivable	220	220
Total receivables	220	220

9 Securities

	2016 $'000	2015 $'000
Unlisted securities	176,336	158,398
Total securities	176,336	158,398

Unlisted securities comprise the following holdings:

	2016 $'000	2015 $'000
Queensland Airports Limited	176,336	158,398
Total unlisted securities	176,336	158,398

10 Payables

	2016 $'000	2015 $'000
Distribution payable	6,590	2,881
Accrued expenses	-	4
Total payables	6,590	2,885

11 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

(a) Issued Units

	2016 No. '000	2015 No. '000	2016 $'000	2015 $'000
Opening balance	143	105,211	279,517	114,470
Unit consolidation	-	(105,205)	-	-
Issue of ordinary units during the year	-	143	-	172,092
Redemptions	-	(6)	-	(7,045)
Closing balance	143	143	279,517	279,517

(b) Terms and conditions

Each issued unit confers upon the unitholder an equal interest in the Trust and is of equal value. A unit does not confer any interest in any particular asset or investment held by the Trust Unitholders have various rights under the Trust Deed, including the right to:

- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Scheme.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(c) Undistributed profit/(loss) attributable to unitholders

	2016 $'000	2015 $'000
Opening balance	(121,321)	(107,352)
Operating profit/(loss) after income tax and before finance costs attributable to unitholders	21,739	(7,560)
Distributions declared	(3,709)	(6,409)
Closing balance	(103,291)	(121,321)

12 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2016 and 30 June 2015.

13 Events after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the Statement of Financial Position as at 30 June 2016 or on the results and cash flows of the Trust for the year ended on that date.

Directors' declaration

As stated in Note 2(a) to the financial statements, in the directors' opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements that have been prepared to meet the Trust Deed requirements.

The financial statements have been prepared in accordance with Australian Accounting Standards (including Interpretations) to the extent described in Note 2(a).

In the opinion of the directors:

(a) the financial statements and notes set out on pages 1 to 15 are in accordance with the Trust Deed, including:

  (i) complying with Australian Accounting Standards (including interpretations) and other mandatory professional reporting requirements to the extent described in Note 2(a); and

  (ii) giving a true and fair view of the Trust's financial position as at 30 June 2016 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the directors of the trustee company, STC Funds Nominee Pty Ltd.

Director

SOUTHERN WAY UNIT TRUST

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

AMP Capital Investors Limited
33 Alfred Street,
Sydney, NSW 2000
ACN 001 777 591

SOUTHERN WAY UNIT TRUST

TABLE OF CONTENTS

SOUTHERN WAY UNIT TRUST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016 $	30 June 2015 $
INVESTMENT INCOME		
Dividends	738,195	701,978
Distributions	16,633,542	16,441,551
Interest income	5,949	13,582
Net changes in the fair value of financial instruments measured at fair value through profit or loss	(4,430,009)	(4,292,137)
Total investment income/(loss)	12,947,677	12,864,974
EXPENSES		
Total expenses	-	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS	12,947,677	12,864,974
Finance costs attributable to unitholders		
Distributions to unitholders	(17,371,735)	(17,161,245)
(Increase)/decrease in net assets attributable to unitholders	4,424,058	4,296,271
NET PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS	-	-
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	-	-

SOUTHERN WAY UNIT TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
ASSETS			
Cash and cash equivalents	4(a)	6,770	825
Receivables	2	7	1
Financial assets measured at fair value through profit or loss			
Unlisted equity securities and managed investment funds		128,073,019	132,503,028
TOTAL ASSETS		128,079,796	132,503,854
LIABILITIES			
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		-	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		128,079,796	132,503,854

SOUTHERN WAY UNIT TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	$	$
Balance at the beginning of the financial year	132,503,854	138,936,962
Return of capital	-	(2,136,837)
	132,503,854	136,800,125
Increase/(decrease) in net assets attributable to unitholders	(4,424,058)	(4,296,271)
Balance at the end of the financial year	128,079,796	132,503,854

SOUTHERN WAY UNIT TRUST

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		738,195	701,978
Distributions received		16,633,542	16,441,551
Interest income received		5,943	13,589
Net cash inflow/(outflow) from operating activities	4(b)	17,377,680	17,157,118
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of financial instruments measured at amortised cost		-	2,136,837
Net cash inflow/(outflow) from investing activities		-	2,136,837
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid		(17,371,735)	(17,161,245)
Return of capital paid		-	(2,136,837)
Net cash inflow/(outflow) from financing activities		(17,371,735)	(19,298,082)
Net increase/(decrease) in cash and cash equivalents held		5,945	(4,127)
Cash and cash equivalents at the beginning of the financial year		825	4,952
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4(a)	6,770	825

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(a) Trust Information

The Southern Way Unit Trust (the "Trust") is an unregistered unit trust. AMP Capital Investors Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at 33 Alfred Street, Sydney, NSW 2000.

The Investment Manager of the Trust is AMP Capital Investors Limited, a subsidiary of AMP Limited.

The principal activity of the Trust during the financial year is the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the financial year.

(b) Basis of Preparation

This special purpose Financial Report has been prepared for distribution to the unitholders to fulfill the financial reporting requirements under the Trust Deed. In the opinion of the Trustee, the Trust is not deemed to be a "reporting entity" because there are no users dependent on a general purpose Financial Report.

The Financial Report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Trustee to meet the needs of users of the Financial Report. The Financial Report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

The Statement of Financial Position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All of the Trust's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for net assets attributable to unitholders which may not be settled within 12 months. Given the nature of the Trust, a reasonable estimate cannot be made of the amount of the balances, if any, that are unlikely to be settled within 12 months.

(c) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss have been classified as held for trading as they are part of a portfolio which is managed for short-term gains. Financial assets are initially recognised at fair value determined as the purchase cost of the financial asset, exclusive of any transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Any realised and unrealised gains and losses arising from subsequent measurement to fair value are recognised in the Statement of Comprehensive Income as 'Net changes in the fair value of financial instruments measured at fair value through profit or loss' in the period in which they arise.

Subsequent to initial recognition, the fair value of financial assets measured at fair value through profit or loss is determined as follows:

Unlisted equity securities and managed investment funds

When the Trust invests in in managed investments funds issued by a party whose unlisted equity securities are also held by the Trust., the fair value of such managed investment funds and unlisted equity securities in combination is determined by the Investment Manager using the discounted cash flow methodology.

(d) Significant Accounting Judgements, Estimates and Assumptions

The making of judgements, estimates and assumptions is a necessary part of the financial reporting process and these judgements, estimates and assumptions can have a significant effect on the reported amounts in the Financial Report. Estimates and assumptions are determined based on information available at the time of preparing the Financial Report and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Financial Report. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in the light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

Fair value measurement of investments in financial instruments

The majority of the Trust's investments are financial instruments held for trading and are measured at fair value through profit or loss. Where available, quoted market prices for the same or similar instrument are used to determine fair value. Where there is no market price available for an instrument, a valuation technique is used. Judgement is applied in selecting valuation techniques and setting valuation assumptions and inputs. Further details on the determination of fair value of financial assets is set out in Note 1(c).

Assessment of Trust investments as structured entities

The Trust has assessed whether the managed investment funds in which it invests should be classified as structured entities. The Trust has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Trust has concluded on whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds.

The Trust has concluded that the managed investment funds in which it invests in are not structured entities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividend income

Dividends from unlisted companies are recognised when the dividend is received.

Distribution income

Distributions from unlisted managed investment funds are recognised as income on the date the unit is quoted ex-distribution.

Interest income

Interest income earned on cash and cash equivalents is recognised on an accruals basis.

Net changes in the fair value of financial instruments measured at fair value through profit or loss

Net changes in the fair value of financial instruments are recognised as income and are determined as the difference between the fair value at the balance date or consideration received (if sold during the financial year) and the fair value as at the prior balance date or initial fair value (if acquired during the financial year).

(f) Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(g) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognised at the date the Trust becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial asset are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(h) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Trustee's option and which the Trustee uses in its day to day management of the Trust's cash requirements.

(i) Receivables

Receivables are recognised for amounts where settlement has not yet occurred. Receivables are measured at their nominal amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off when identified less any allowance for doubtful debts. Amounts are generally received within 30 days of being recognised as receivables. Given the short-term nature of most receivables, their nominal amounts approximate their fair value.

(j) Net Assets Attributable to Unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. Net assets attributable to unitholders are classified as financial liabilities and not as equity because the Trustee has a contractual obligation to pay distributable income of the Trust to unitholders and units are redeemable at the unitholders' option (subject to the provisions of the Trust Deed). As there are no equityholders, total comprehensive income attributable to unitholders and equity for the Trust is nil. Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the fair value of financial assets and derivative financial instruments. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if unitholders exercised their right to redeem their units. The Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, resulting in a valuation difference which is treated as a component of net assets attributable to unitholders.

(k) Taxation

Under current legislation, the Trust is not liable to pay income tax since, under the terms of the Trust Deed, the unitholders are presently entitled to the income of the Trust.

(l) Distributable Income

In accordance with the Trust Deed, the Trust fully distributes its distributable income to unitholders each tax year. Such distributions are determined by reference to the taxable income of the Trust. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of assets.

Distributable income does not include unrealised gains and losses arising from net changes in the fair value of financial assets and derivative financial instruments, accrued income not yet assessable, expenses provided for or accrued but not yet deductible, tax free or deferred income and realised capital losses which are retained to offset future realised capital gains.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the Financial Report are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of this Financial Report, and the functional currency of the Trust, is the Australian dollar.

(ii) Transactions and balances

Income and expense items denominated in a currency other than the functional currency are translated at the spot exchange rate at the date of the transaction. All monetary items denominated in foreign currencies are translated to Australian dollars using the exchange rate at the balance date, with exchange gains and losses recognised in the Statement of Comprehensive Income.

Non-monetary items measured at fair value in foreign currencies are translated to Australian dollars using the exchange rate at the date when the fair value was determined.

(n) Terms and Conditions of Units on Issue

Issued and paid up units are initially recognised at the fair value of the consideration received by the Trust.

Each unit confers upon the unitholder an equal interest in the Trust (subject to income entitlements), and is of equal value. A unit does not confer an interest in any particular asset or investment of the Trust.

Unitholders have various rights under the Trust Deed, including the right to:

- have their units redeemed
- receive income distributions
- attend and vote at meetings of unitholders
- participate in the termination and winding up of the Trust.

Applications received for units in the Trust are recognised net of any transaction costs arising on the issue of units in the Trust. Redemptions from the Trust are recognised gross of any transaction costs payable after the cancellation of units redeemed. Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the redemption price per unit less any estimate transaction costs.

(o) Goods and Services Tax ("GST")

All income, expenses and assets are recognised net of any GST paid, except where they relate to products and services which are input taxed for GST purposes or the GST incurred is not recoverable from the relevant tax authorities. In such circumstances, the GST paid is recognised as part of the cost of acquisition of the assets or as part of the relevant expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Statement of Financial Position.

Cash flows are disclosed on a gross basis reflecting any GST paid or collected. The GST component of cash flows arising from investing or financial activities which are recoverable from, or payable to, local tax authorities are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	30 June 2016 $	30 June 2015 $
NOTE 2: RECEIVABLES		
Interest receivable	7	1
	7	1

	30 June 2016 Units	30 June 2015 Units
NOTE 3: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
The movement in the number of units on issue during the financial year was as follows:		
Units on Issue		
Opening balance	62,671,254	62,671,254
Closing balance	62,671,254	62,671,254

	30 June 2016 $	30 June 2015 $
NOTE 4: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is linked to the related item in the Statement of Financial Position as follows:		
Cash at bank	6,770	825
	6,770	825
(b) Reconciliation of net profit/(loss) attributable to unitholders before finance costs to net cash inflow/(outflow) from operating activities		
Net profit/(loss) attributable to unitholders before finance costs	12,947,677	12,864,974
Net changes in the fair value of financial instruments measured at fair value through profit or loss	4,430,009	4,292,137
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(6)	7
Net cash inflow/(outflow) from operating activities	17,377,680	17,157,118

NOTE 5: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2016 (30 June 2015: nil).

NOTE 6: EVENTS OCCURRING AFTER THE BALANCE DATE

Since 30 June 2016 there have been no matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

NOTE 7: AUTHORISATION OF THE FINANCIAL REPORT

The Financial Report of the Southern Way Unit Trust for the financial year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors of AMP Capital Investors Limited on 8 September 2016.

SOUTHERN WAY UNIT TRUST

STATEMENT BY THE TRUSTEE

As stated in Note 1(b) to the Financial Statements, in the Trustee's opinion, the Trust is not a "reporting entity".

In accordance with a resolution of the Directors of AMP Capital Investors Limited, the Trustee, I state that in the opinion of the Directors of the Trustee:

(a) The Financial Statements and notes are in accordance with the requirements of the Trust Deed, and:

  (i) are properly drawn up so as to present fairly the Trust's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

  (ii) comply with Australian Accounting Standards, as set out in Note 1(b) to the Financial Statements.

(b) There are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Director

8 September 2016, Sydney

State Infrastructure Holdings 1 Pty Ltd

ABN: 69 167 280 471

Unaudited Special Purpose Financial Statements

For the Year Ended 30 June 2016

Confidential

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Contents

For the Year Ended 30 June 2016

State Infrastructure Holdings 1 Pty Ltd

ABN: 69 167 280 471

Directors' Report

30 June 2016

The Directors present their report on State Infrastructure Holdings 1 Pty Ltd (the "Company") for the financial year ended 30 June 2016.

The Company was constituted on 17 December 2013.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Names	Appointed	Resigned
Jeremy Andrew Don	17 December 2013	30 July 2015
Michael Charles Robinson	17 December 2013	
Sara Mei Lee Leong	5 March 2014	
Andrew David Barlass (alternate for Sara Mei Lee Leong)	30 July 2015	
Meng Foong Chan (alternate for Michael Charles Robinson)	30 July 2015	

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Principal activities

The principal activity of State Infrastructure Holdings 1 Pty Ltd during the financial year was the investment of the shareholder's funds.

The registered office of the Company is Level 16, 126-130 Phillip Street, Sydney NSW 2000.

Operating results

The loss of the Company after providing for income tax for the financial year ended 30 June 2016 was $5,603,725 (2015: profit of $4,547,873).

Dividends

There were no dividends paid or declared during the current financial year.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect

a) the operations of the Company in future financial years, or
b) the results of those operations in future financial years, or
c) the state of affairs of the Company in future financial years.

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Directors' Report

30 June 2016

Future developments and results

Currently, there are no significant developments expected in respect of the Company. The performance of the Company in the future will be subject to the fair value of its investments.

Environmental and other regulation

The Company's operations are not subject to any significant environmental regulations under Commonwealth, State or Territory law in Australia.

However, its investments are subject to regulation by various statutory authorities in the United Kingdom.

Insurance of Directors

No insurance premiums were paid for out of assets of the Company in regards to insurance cover provided to the Directors.

Audit

The Company is a non-disclosing entity and is regarded as a small proprietary company pursuant to 45A of the Corporations Act 2001 (Cth), hence no audit of financial statements is mandated.

Signed in accordance with a resolution of the Board of Directors:

Director:	Director: ....
Michael Charles Robinson	Sara Mei Lee Leong
Dated 10 · 8 · 2016	10/8/16

Sydney

Confidential

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
Investment Income			
Interest income	3	17,589,129	14,963,717
Gain on investments held at fair value through profit or loss		-	6,482,298
Other income		40,768	44,062
Gain on exchange differences		8,819	-
		17,638,716	**21,490,077**
Expenses			
Administrative expenses		(2,037)	(23,337)
Loss on exchange differences		-	(6,060)
Loss on investments held at fair value through profit or loss		(8,052,870)	-
		(8,054,907)	**(29,397)**
Finance Costs			
Interest expenses		(17,589,131)	(14,963,719)
Profit / (Loss) before income tax		**(8,005,322)**	**6,496,961**
Income tax (expense) / benefit	4	2,401,597	(1,949,088)
Profit / (loss) for the period		**(5,603,725)**	**4,547,873**
Other comprehensive income/(loss), net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on foreign currency translation		(36,824,606)	35,089,976
Other comprehensive income/(loss) for the year, net of tax		**(36,824,606)**	**35,089,976**
Total comprehensive income/(loss) for the year		**(42,428,331)**	**39,637,849**

The accompanying notes form part of these financial statements.

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Statement of Financial Position
30 June 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash at bank		4,164,234	62,431
Trade and other receivables	5	1,379	3,670
Deferred tax assets	6	3,339,542	1,392,804
TOTAL CURRENT ASSETS		**7,505,155**	**1,458,905**
NON-CURRENT ASSETS			
Investment in equity securities	7	255,816,846	305,737,651
Investment in variable interest securities	7	211,415,541	223,300,791
TOTAL NON-CURRENT ASSETS		**467,232,387**	**529,038,442**
TOTAL ASSETS		**474,737,542**	**530,497,347**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	-	14,825
Deferred tax liabilities	6	1,299	-
Income tax liabilities	9	985	-
TOTAL CURRENT LIABILITIES		**2,284**	**14,825**
NON-CURRENT LIABILITIES			
Trade and other payable	8	5,627,351	5,812,476
Interest bearing loan	10	205,788,228	217,488,316
TOTAL NON-CURRENT LIABILITIES		**211,415,579**	**223,300,792**
TOTAL LIABILITIES		**211,417,863**	**223,315,617**
NET ASSETS		**263,319,679**	**307,181,730**
EQUITY			
Issued capital	11	284,401,012	285,834,732
Reserves	12	(12,759,338)	24,065,268
Retained earnings		(8,321,995)	(2,718,270)
TOTAL EQUITY		**263,319,679**	**307,181,730**

The accompanying notes form part of these financial statements.

Confidential

Statement of Changes in Equity
For Year Ended 30 June 2016

2016

	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2015		**285,834,732**	**(2,718,270)**	**24,065,268**	**307,181,730**
Return of capital	11	(1,433,720)	-	-	(1,433,720)
Loss for the period		-	(5,603,725)	-	(5,603,725)
Other comprehensive income / (loss)	12	-	-	(36,824,606)	(36,824,606)
Balance at 30 June 2016		**284,401,012**	**(8,321,995)**	**(12,759,338)**	**263,319,679**

2015

	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2014		**286,526,638**	**(7,266,143)**	**(11,024,708)**	**268,235,787**
Return of capital	11	(691,906)	-	-	(691,906)
Profit for the period		-	4,547,873	-	4,547,873
Other comprehensive income / (loss)	12	-	-	35,089,976	35,089,976
Balance at 30 June 2015		**285,834,732**	**(2,718,270)**	**24,065,268**	**307,181,730**

The accompanying notes form part of these financial statements.

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Directors fee received		38,088	43,968
Payments to suppliers		(18,307)	(36,650)
GST refund received		3,277	2,453
Net cash from operating activities	15	**23,058**	**9,771**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from redemption of preference shares		5,402,343	683,834
Net cash from investing activities		**5,402,343**	**683,834**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Return of share capital		(1,433,720)	(691,906)
Net cash used in financing activities		**(1,433,720)**	**(691,906)**
Net increase in cash and cash equivalents held		3,991,681	1,699
Cash and cash equivalents at beginning of the period		62,431	52,648
Net foreign exchange difference		110,122	8,084
Cash and cash equivalents at end of the period		**4,164,234**	**62,431**

The accompanying notes form part of these financial statements.

Confidential

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 General Information

State Infrastructure Holdings 1 Pty Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. A description of the nature of the Company's operations and its principal activities are included in the Directors' report.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

In the Directors' opinion, State Infrastructure Holdings 1 Pty Limited is a non-disclosing entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of the Company. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the Company.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") and the disclosure requirements of the following, except for the recognition and measurement of Loans and Receivables financial instrument, as required by AASB 139 'Recognition and Measurement of Financial Instruments'.

AASB 13 Fair Value Measurement

AASB 101 Presentations of Financial Statements

AASB 107 Cash Flow Statements

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 139 Recognition and measurement of Financial Instruments

AASB 1054 Australian Additional Disclosures

State Infrastructure Holdings 1 Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below.

The financial statements are based on historical costs, except for investment, which has been measured at fair value.

(b) Financial instruments

Classification

The Company's investments are classified as at fair value through profit or loss. These are investments in equity and debt instruments, collectively known as investments, which are not held for trading purposes.

Recognition / derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in fair value of the financial assets or financial liabilities from this date.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(b) Financial instruments continued

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets at fair value through profit and loss

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes recognised in the statement of profit and loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price, and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used includes discounted cashflow analysis, quoted comparable companies and market based transactions and other valuation techniques commonly used by market participants.

The ultimate holding entity of the Company is required to report the net market value of its assets in accordance to AAS25 (Financial Reporting for Superannuation Plans). Therefore the Company fair values its assets in accordance to AAS25. Under AAS25, the net market value is defined as the fair amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of such a disposal.

Loans and receivables

Loans and Receivables financial assets are initially recognised at cost and are subsequently measured using the actual interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at fair value decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(c) Investment income

Interest income is recognised on an accrual basis. The company uses actual interest rate in calculating interest income from Eurobonds because the actual interest rate approximates the effective interest rate method, provided there are no transaction costs.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Expenses

All expenses are recognised in profit or loss on an accruals basis.

(f) Trade and other payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Amounts are generally paid within 30 days of being recorded as payables.

(g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(h) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(h) Income Tax continued

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(j) Foreign currency transactions and balances

The Company maintains its accounting books and records in Pound Sterling (GBP) on the basis that the Company's only activity is investment in UK based infrastructure assets. The equity funding provided by the shareholder of the Company and the investments in the underlying UK assets have all been in GBP.

For the statutory compliance and financial reporting purposes, the Company translates its financial records from Pound Sterling to Australian Dollars at the end of the reporting period. Balance sheet items are translated using the closing spot rate on the reporting date and profit and loss items are translated using the average rate for the reporting period. The rates used for translation are London 4 pm rates, provided by JP Morgan as the Custodian of SAS Trustee Corporation, the ultimate holding entity of the Company.

Exchange differences arising on translation are recognised in other comprehensive income as foreign currency translation reserve.

(k) Use of estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are periodically reviewed by experienced personnel of the independent valuer.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(l) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that are not mandatory for the 30 June 2016 reporting period. Therefore, the new Standards have not been early adopted by the Company. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations that are most relevant to the Company, are set out below:

AASB 9 'Financial Instruments (December 2010)', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2014-1 'Amendments to Australian Accounting Standards'

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. The Company has not yet decided when to adopt AASB 9. At present, the Company does not expect this will have a significant impact on the Company's financial statements.

AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'

Amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual reporting periods beginning on or after 1 July 2016, with early adoption permitted. The Company has not yet decided when to adopt AASB 2015-2. At present, the Company does not expect this will have a significant impact on the Company's financial statements.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 replaces AASB 111 'Construction Contracts', AASB 118 'Revenue', Interpretation 13 'Customer Loyalty Programmes', Interpretation 15 'Agreements for the Construction of Real Estate', Interpretation 18 'Transfers of Assets from Customers', and Interpretation 131 'Revenue Barter Transactions Involving Advertising Services'. It outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognises revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendment is effective for annual reporting periods beginning on or after 1 July 2016, with early adoption permitted. The Group does not expect this will have a significant impact on the Group's financial statements.

AASB 16 'Leases'

AASB 16 sets out the principles for the recognition and disclosure of leases for both parties to a contract, the lessee and the lessor. AASB 16 replaces the previous leases Standard, AASB 117 Leases, and related Interpretations. The amendment is effective for annual reporting periods beginning on or after 1 July 2016, with early adoption permitted. The Company has not yet decided when to adopt AASB 16. The Company does not expect this will have a significant impact on the Company's financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2016

3 Interest income

Interest income from Eurobonds

2016

	Eurobond amount GBP	Interest rate	Interest amount GBP	Interest amount AUD
1 July 2015 to 21 August 2015	106,289,352	7.6809%	1,163,093	2,370,847
22 August 2015 to 22 February 2016	110,293,078	7.7481%	4,331,357	8,829,033
23 February 2016 to 30 June 2016	114,624,435	7.7373%	3,134,445	6,389,249
			8,628,895	**17,589,129**

2015

	Eurobond amount GBP	Interest rate %	Interest amount GBP	Interest amount AUD
1 July 2014 to 21 August 2014	98,554,976	7.6103%	1,068,541	2,017,786
22 August 2014 to 23 February 2015	102,274,322	7.7038%	4,015,030	7,581,806
24 February 2015 to 30 June 2015	106,289,352	7.6809%	2,840,632	5,364,125
			7,924,203	**14,963,717**

The interest was calculated in GBP as per the terms of the Eurobonds and translated to AUD using the average exchange rate for the period. The rate used in translation was 2.038399. (2015: 1.888356).

4 Income Tax Expense / Benefit

Reconciliation of income tax to accounting profit:

	2016 $	2015 $
Numerical reconciliation of income tax expense and tax at statutory rate:		
Profit / (loss) before income tax expense	(8,005,322)	6,496,961
Tax at the statutory rate of 30%	2,401,597	(1,949,088)
Income tax (expense) / benefit	**2,401,597**	**(1,949,088)**

5 Trade and Other Receivables

	2016 $	2015 $
GST receivable	1,379	3,670
	1,379	**3,670**

Notes to the Financial Statements
For the Year Ended 30 June 2016

6 Deferred Tax

(i) Deferred Tax Assets

	2016 $	2015 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in the income statement		
Unrealised (gain) / loss on investment	2,415,861	(1,944,689)
Accrued expenses	(1,494)	133
Unrealised foreign exchange loss	(1,361)	1,261
Current year tax (profit) / loss	(8,816)	(5,800)
	2,404,190	**(1,949,095)**
Movements:		
Opening balance	1,392,804	3,102,937
Credited to the income statement	2,404,190	(1,949,095)
Exchange Differences	(457,452)	238,962
Closing balance	**3,339,542**	**1,392,804**

(ii) Deferred Tax Liabilities

	2016 $	2015 $
The movement in deferred tax assets for each temporary difference during the period is as follows:		
Amounts recognised in the income statement		
Unrealised foreign exchange gain	(1,474)	(6)
	(1,474)	**(6)**
Movements:		
Opening balance	-	6
Credited to the income statement	(1,474)	(6)
Exchange Differences	175	-
Closing balance	**(1,299)**	-

7 Investments

Fair value of investments

	2016 $	2015 $
Investments	467,232,387	529,038,442
	467,232,387	**529,038,442**

For the purpose of managing and evaluating the performance of the investments, which comprises of ordinary shares, preference shares and Eurobonds, the Directors of the Company consider them as a group of assets.

Notes to the Financial Statements

For the Year Ended 30 June 2016

7 Investments continued

Fair value of investments continued

Deutsche Australia Limited is the investment manager ("Manager") to SAS Trustee Corporation for its investments in State Infrastructure Holdings 1 Pty Ltd. KPMG is the independent valuer ("Valuer") engaged by STC in respect of the Company's investments. KPMG considered a number of valuation methods including discounted cashflow analysis, quoted comparable companies and market-based transactions to determine the fair value of the investments.

Given the status of prevailing business conditions and the performance of the investment and the recommendation by the Manager and the Valuer, the Directors determined the fair value of the investment at 30 June 2016 to be GBP 260,249,374 ($467,232,387 at the exchange rate of 1.795326) [2015: GBP 258,547,927 ($529,038,442 at an exchange rate of 2.046191)].

On 30 June 2016, the underlying investee company paid $4,078,733 (GBP 2,271,862 at the exchange rate of 1.795326) by way of redemption of preference shares. The fair value of investments reported above has been adjusted for the redemption.

8 Trade and Other Payables

	2016 $	2015 $
CURRENT		
Accrued taxation fees	-	6,129
Accrued accounting fees	-	8,696
	-	14,825
NON-CURRENT		
Interest payable on shareholder loan	5,627,351	5,812,476
	5,627,351	5,812,476

9 Income tax liabilities

	2016 $	2015 $
Opening balance	-	-
Provision for the year	985	-
Paid during the year	-	-
	985	-

10 Interest Bearing Loan

	2016 $	2015 $
Loan from shareholder	205,788,228	217,488,316
	205,788,228	217,488,316

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Notes to the Financial Statements

For the Year Ended 30 June 2016

11 Issued Capital

	2016	2015
	$	$
Opening balance	285,834,732	286,526,638
Return of capital	(1,433,720)	(691,906)
Closing balance	**284,401,012**	**285,834,732**

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the financial year, the Company made a capital return of $1,433,720 (2015: $691,906) from the proceeds of the redemption of preference shares.

12 Reserves

	2016	2015
	$	$
Foreign currency translation reserve		
Opening balance	24,065,268	(11,024,708)
Transfers in/(out)	(36,824,606)	35,089,976
Total reserves	**(12,759,338)**	**24,065,268**

Foreign currency translation reserve

The Company maintains its books and records in Pound Sterling (GBP) on the basis that the Company's only activity is investment in UK based infrastructure assets. For the financial reporting and compliance purposes, the Company translates its financial records from Pound Sterling to Australian Dollars.

Balance sheet items are translated using the closing spot rate on the reporting date and Profit and Loss items are translated using the average rate for the reporting period. Exchange differences arising on translation are recognised in other comprehensive income as foreign currency translation reserve.

13 Fair Value Measurement

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Investments

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Notes to the Financial Statements
For the Year Ended 30 June 2016

13 Fair Value Measurement continued

Fair value hierarchy continued

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value.

2016	Level 1 $	Level 2 $	Level3 $	Total $
Recurring fair value measurements				
Financial assets				
Investments	-	-	467,232,387	467,232,387
Total	**-**	**-**	**467,232,387**	**467,232,387**
2015				
Recurring fair value measurements				
Financial assets				
Investments	-	-	529,038,442	529,038,442
Total	**-**	**-**	**529,038,442**	**529,038,442**

(b) Valuation techniques used to derive level 2 and level 3 fair values

For its investments, the Company obtains independent valuations at least annually. At the end of each reporting period, the Directors in consultation with the Manager will update their assessment of the fair value of investments, taking into account the most recent independent valuations.

The independent valuer considers a number of valuation methods including discounted cashflow analysis and quoted comparable companies and market-based transactions.

All resulting fair value estimate for investments is included in level 3.

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Related Parties

(a) Immediate and ultimate parent entity

The Company's immediate parent entity is State Infrastructure Trust, and the ultimate holding entity is SAS Trustee Corporation, a defined benefit superannuation fund.

(b) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The following persons were directors of State Infrastructure Holdings 1 Pty Ltd during the financial period and up to the date of this report:

Names	Appointed	Resigned
Jeremy Andrew Don	17 December 2013	30 July 2015
Michael Charles Robinson	17 December 2013	
Sara Mei Lee Leong	5 March 2014	
Andrew David Barlass (alternate for Sara Mei Lee Leong)	30 July 2015	
Meng Foong Chan (alternate for Michael Charles Robinson)	30 July 2015	

There were no interests held by any of the key management person in State Infrastructure Holdings 1 Pty Ltd during the financial period ended 30 June 2016.

(c) Shareholder

2016	No. of shares	%
Ordinary shares		
State Infrastructure Trust	287,609,111	100.00
Total	**287,609,111**	**100.00**

2015	No. of shares	%
Ordinary shares		
State Infrastructure Trust	287,609,111	100.00
Total	**287,609,111**	**100.00**

(d) Investment Manager

Deutsche Australia Limited is the investment manager to SAS Trustee Corporation for its investments in State Infrastructure Holdings 1 Pty Ltd.

Notes to the Financial Statements
For the Year Ended 30 June 2016

14 Related Parties continued

(e) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Loans from related parties

The Company has borrowed GBP 94,921,655 ($194,227,836 at an exchange rate of 2.046191) from its shareholder State Infrastructure Trust to part fund the acquisition of its investment. The loan was drawn on 29 January 2014.

15 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016 $	2015 $
Profit for the year	(5,603,725)	4,547,873
- Interest revenue not received	(17,589,129)	(14,963,717)
- Interest expenses not paid	17,589,131	14,963,719
- (Gain) / loss of investment fair value adjustment	8,052,870	(6,482,298)
- Income tax expense / (benefit)	(2,401,597)	1,949,088
- increase/(decrease) in trade and other receivables	2,291	-
- Increase/(decrease) in trade and other payables	(14,825)	(8,975)
- Net foreign exchange differences	(11,958)	4,081
Cashflow from operations	23,058	9,771

16 Commitments and Contingencies

In the opinion of the Directors, the Company did not have any commitments or contingencies at 30 June 2016.

17 Events Occurring After the Reporting Date

As at the date of this report, the Directors of the Company are not aware of any other matter or circumstance that has arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this report.

State Infrastructure Holdings 1 Pty Ltd
ABN: 69 167 280 471

Directors' Declaration

The Directors have determined that the Company is a non-disclosing entity and is regarded as a "small proprietary company" pursuant to 45A of the Corporations Act 2001 (Cth) and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 18, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards as stated in Note 2; and

   (b) give a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....
Michael Charles Robinson

Director ....
Sara Mei Lee Leong

Dated 10 . 8 . 2016 10/8/16

Sydney

State Infrastructure Trust

ABN: 50 580 647 086

Unaudited Special Purpose Consolidated Financial Statements

For the Year Ended 30 June 2016

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State Infrastructure Trust
ABN: 50 580 647 086

Contents

	Page
Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Net Assets Attributable to Unitholder	3
Consolidated Statement of Cash Flows	4
Notes to the Financial Statements	5
Manager Declaration	19
Trustee Declaration	20

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State Infrastructure Trust
ABN: 50 580 647 086

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $	State Infrastructure Trust 2016 $	State Infrastructure Trust 2015 $
Revenue					
Interest income	3	**17,590,435**	14,967,129	**17,578,948**	14,972,821
Other income		**40,768**	44,062	-	-
Gain on investments held at fair value through profit or loss		-	6,482,298	-	-
Net gain in foreign exchange translation	5	-	24,984,175	-	24,990,235
Total Revenue		**17,631,203**	46,477,664	**17,578,948**	39,963,056
Expenses					
Loss on investments held at fair value through profit or loss		**(8,052,870)**	-	-	-
Net loss in foreign exchange translation	5	**(29,454,035)**	-	**(29,462,855)**	-
Administrative expenses		**(152)**	(122,203)	**1,886**	(98,866)
Total Expenses		**(37,507,057)**	(122,203)	**(29,460,969)**	(98,866)
Income / (loss) before income tax		**(19,875,854)**	46,355,461	**(11,882,021)**	39,864,190
Income tax (expense) / benefit	4	**2,401,597**	(1,949,088)	-	-
Operating income / (loss) before transactions with unitholder		**(17,474,257)**	44,406,373	**(11,882,021)**	39,864,190
Finance costs attributable to unitholders					
Distribution to unitholders		**(17,461,446)**	(15,250,294)	**(17,461,446)**	(15,250,294)
Reclassification of other comprehensive income - exchange differences on foreign currency translation		**(36,836,095)**	35,095,666	-	-
Decrease / (increase) in net assets attributable to unitholders		**71,771,798**	(64,251,745)	**29,343,467**	(24,613,896)
Net profit / (loss)		-	-	-	-
Other comprehensive income					
Exchange differences on foreign currency translation		**(36,836,095)**	35,095,666	-	-
Reclassification of other comprehensive income to profit or loss		**36,836,095**	(35,095,666)	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	-	-

The accompanying notes form part of these financial statements.

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State Infrastructure Trust
ABN: 50 580 647 086

Consolidated Statement of Financial Position
30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $	State Infrastructure Trust 2016 $	State Infrastructure Trust 2015 $
Assets					
Current assets					
Cash at bank		**4,218,105**	167,062	**53,871**	104,631
Trade and other receivables	6	**5,541**	9,871	**4,162**	6,202
Deferred tax assets	8	**3,339,542**	1,392,804	-	-
Total current assets		**7,563,188**	1,569,737	**58,033**	110,833
Non-current assets					
Intercompany loan	7	-	-	**211,415,579**	223,300,791
Investment in equity securities	9	**255,816,846**	305,737,651	**284,401,012**	285,834,732
Investment in variable interest securities	9	**211,415,541**	223,300,791	-	-
Total non-current assets		**467,232,387**	529,038,442	**495,816,591**	509,135,523
Total assets		**474,795,575**	530,608,179	**495,874,624**	509,246,356
Liabilities					
Current liabilities					
Trade and other payables	10	-	70,816	-	55,991
Income tax payable		**985**	-	-	-
Deferred tax liabilities	8	**1,299**	-	-	-
Distribution payable		**17,461,446**	15,250,294	**17,461,446**	15,250,294
Total current liabilities		**17,463,730**	15,321,110	**17,461,446**	15,306,285
Total liabilities (excluding net assets attributable to unitholder)		**17,463,730**	15,321,110	**17,461,446**	15,306,285
Net assets attributable to unitholder - liability		**457,331,845**	515,287,069	**478,413,178**	493,940,071

The accompanying notes form part of these financial statements.

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State Infrastructure Trust
ABN: 50 580 647 086

Consolidated Statement of Changes in Net Assets Attributable to Unitholder

For the Year Ended 30 June 2016

	Note	Consolidated		State Infrastructure Trust	
		2016	2015	2016	2015
		$	$	$	$
Net assets attributable to unitholder at the beginning of the financial year		**515,287,069**	440,303,119	**493,940,071**	458,593,970
Units issued during the financial year	11	**15,250,294**	11,424,111	**15,250,294**	11,424,111
Units redeemed or otherwise cancelled during the financial year		**-**	-	**-**	-
Return of capital	11	**(1,433,720)**	(691,906)	**(1,433,720)**	(691,906)
Changes in net assets attributable to unitholder		**(71,771,798)**	64,251,745	**(29,343,467)**	24,613,896
Closing net assets attributable to unitholder		**457,331,845**	515,287,069	**478,413,178**	493,940,071

The accompanying notes form part of these financial statements.

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State Infrastructure Trust
ABN: 50 580 647 086

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:					
Interest received		**1,401**	3,792	**1,401**	3,792
Payments to suppliers		**(76,500)**	(122,444)	**(58,193)**	(85,794)
Director fee received		**38,088**	43,967	**-**	-
GST refund received		**9,309**	5,178	**6,032**	2,725
Net cash provided used in operating activities	14	**(27,702)**	(69,507)	**(50,760)**	(79,277)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceed from redemption of preference shares		**5,402,343**	-	**1,433,720**	691,905
Net cash from investing activities		**5,402,343**	-	**1,433,720**	691,905
CASH FLOWS FROM FINANCING ACTIVITIES:					
Share capital returned		**(1,433,720)**	-	**(1,433,720)**	(691,905)
Net cash used by financing activities		**(1,433,720)**	-	**(1,433,720)**	(691,905)
Net increase/(decrease) in cash and cash equivalents held		**3,940,921**	(69,507)	**(50,760)**	(79,277)
Cash and cash equivalents at beginning of year		**167,062**	236,556	**104,631**	183,908
Net foreign exchange difference		**110,122**	13	**-**	-
Cash and cash equivalents at end of financial year		**4,218,105**	167,062	**53,871**	104,631

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements
For the Year Ended 30 June 2016

1 General Information

State Infrastructure Trust (the "Trust") was created under the Trust Deed dated 23 August 2010. Perpetual Corporate Trust Limited was appointed as Trustee of the Trust. Deutsche Asset Management (Australia) Limited was appointed as Manager of the Trust up to 13 June 2013. Subsequently, Deutsche Australia Limited was appointed as the new Manager (the "Manager") of the Trust.

The financial statements have been prepared for State Infrastructure Trust and for the consolidated group, consisting of State Infrastructure Trust and its wholly owned subsidiary State Infrastructure Holdings 1 Pty Limited ("SIH1"), together referred as the "Group" or "Consolidated Group") for the year ended 30 June 2016.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of financial statements are set out below.

(a) Basis of Preparation

The Consolidated Group is a non-disclosing entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purpose of complying with the requirements of the Trust's constitution, to prepare and distribute financial statements to the owner of the Group. The Trustee has determined that the accounting policies adopted are appropriate to meet the needs of the Consolidated Group.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") and the disclosure requirements of the following, except for the recognition and measurement of Loans and Receivables financial instrument, as required by AASB 139 'Recognition and Measurement of Financial Instruments'.

AASB 13	Fair Value Measurement
AASB 101	Presentation of Financial Statements
AASB 107	Cash Flow Statement
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 124	Related Party Disclosures
AASB 139	Recognition and Measurement of Financial Instruments
AASB 1048	Interpretation and Application of Standards
AASB 1054	Australian Additional Disclosures

The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial statements have been prepared on a on-going basis and the owner of the Group confirms that it will provide support for the Group to continue to meet its debts as they fall due for at least the next twelve months from the date of signing these financial statements.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below.

The financial statements are presented in Australian Dollars. The financial statements are based on historical costs, except for the financial assets held at fair value, which have been measured at fair value.

Notes to the Financial Statements
For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the Trust and its subsidiaries.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Financial Instruments

(i) *Classification*

The Group's investments are classified at fair value through profit or loss. These are investments in equity and debt instruments, collectively known as investments that are not held for trading purposes.

(ii) *Recognition / derecognition*

The Group recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in the fair value of the financial assets or liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(iii) *Measurement*

Financial assets at fair value through profit and loss

At initial recognition, the Group measures a financial asset at its fair value plus transaction cost.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes recognised in the statement of profit and loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price, and the quoted market price for financial liabilities is the current asking price.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(c) Financial Instruments continued

(iii) *Measurement continued*

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of discounted cashflow analysis, quoted comparable companies and market based transaction and other valuation techniques commonly used by market participants.

The ultimate holding entity of the Group is required to report the net market value of its assets in accordance to AAS25 (Financial Reporting for Superannuation Plans). Therefore the Group fair values its assets in accordance to AAS25. Under AAS25, the net market value is defined as the fair amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of such a disposal.

Loans

Loan assets are measured initially at fair value and subsequently measured using the actual interest rate method, less any impairment losses. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in profit or loss as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at fair value decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Investment income

Interest income is recognised on an accrual basis. The Group uses actual interest rate in calculating interest income from Eurobonds because the actual interest rate approximates the effective interest rate method, provided there are no transaction costs.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Trade and other receivables

Receivables represent Goods and Services Tax receivable from the Australian Taxation Office and interest on cash held at the bank accounts of the Group.

(g) Expenses

All expenses are recognised in profit or loss on an accrual basis.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(h) Trade and other payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the Group. Amounts are generally paid within 30 days of being recorded as payables.

The distribution amount payable to the unitholder as at the reporting date is recognised separately in the statement of financial position when the unitholder becomes presently entitled to the distributable income as per the Trust Deed.

(i) Distributions to Unitholders

In accordance with the Trust Deed, the Trust fully distributes its distributable income to its unitholder. Such distributions are determined by reference to the taxable income of the Trust.

(j) Net assets attributable to unitholders

Under the Trust Deed, units issued by the Trust provide the unitholder with the right to put them back to the Trust at the prevailing redemption price. Although the Trustee may suspend any applications and redemptions if it is in the best interests of the unitholder, the Trust has a contractual obligation to distribute its distributable income, in accordance with the Trust's constitution. As such, the net assets attributable to the unitholder is classified as a financial liability in the Statement of Financial Position.

Applications and redemptions do not incur any entry or exit fees.

(k) Income tax

Under the current legislation the Trust is not subject to income tax provided the unitholder is presently entitled to the income of the Trust and the Trust fully distributes its taxable income. Even though the Trust is exempt from income tax, the subsidiary of the Consolidated Group, SIH1 is not and SIH1's effect of income tax and deferred taxes are accounted as per the following:

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of the tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(k) Income tax continued

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(m) Foreign currency transactions and balances

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. Accordingly, the consolidated financial statements are presented in Australian Dollars.

The SIH1 maintains its accounting books and records in Pound Sterling (GBP) on the basis that SIH1's primary activity is investment in UK assets. The initial funds provided by the ultimate investor to SIH1 and investments in underlying UK assets have all been in GBP.

For the statutory compliance and financial reporting purpose, SIH1 translates its financial records from Pound Sterling to Australian Dollars at the end of the reporting period. Balance sheet items are translated using the closing rate and profit and loss items are translated using the average rate for the reporting period. The rates used in translation are London 4pm rates, provided by JP Morgan as the Custodian of SAS Trustee Corporation, the ultimate holding entity of the Trust.

Exchange differences arising on translation are recognised in other comprehensive income as foreign currency translation reserve.

(n) Use of estimates and judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's financial instruments are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they periodically reviewed by experienced personnel of the independent valuer.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumption about these factors could affect the reported fair value of financial instruments.

Notes to the Financial Statements
For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies continued

(o) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that are not mandatory for 30 June 2016 reporting period. Therefore, the new Standards have not been early adopted by the Group. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations that are most relevant to the Group, are set out below:

AASB 9 'Financial Instruments (December 2010)', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2014-1 'Amendments to Australian Accounting Standards' (effective from 1 January 2018)

AASB 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. The Group has not yet decided when to adopt AASB 9. At present, the Group does not expect this will have a significant impact on the Group's financial statements.

AASB 2015-2 'Amendments to Australian Accounting Standards Disclosure Initiative: Amendments to AASB 101'

Amendments to AASB 101 'Presentation of Financial Statements' arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual reporting periods beginning on or after 1 July 2016, with early adoption permitted. The Group has not yet decided when to adopt AASB 2015-2. At present, the Group does not expect this will have a significant impact on the Group's financial statements.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 replaces AASB 111 'Construction Contracts', AASB 118 'Revenue', Interpretation 13 'Customer Loyalty Programmes', Interpretation 15 'Agreements for the Construction of Real Estate', Interpretation 18 'Transfers of Assets from Customers', and Interpretation 131 'Revenue Barter Transactions Involving Advertising Services'. It outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognises revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendment is effective for annual reporting periods beginning on or after 1 July 2016, with early adoption permitted. The Group does not expect this will have a significant impact on the Group's financial statements.

AASB 16 'Leases'

AASB 16 sets out the principles for the recognition and disclosure of leases for both parties to a contract, the lessee and the lessor. AASB 16 replaces the previous leases Standard, AASB 117 Leases, and related Interpretations. The amendment is effective for annual reporting periods beginning on or after 1 July 2016, with early adoption permitted. The Group does not expect this will have a significant impact on the Group's financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2016

3 Interest Income

	Consolidated		State Infrastructure Trust	
	2016	2015	2016	2015
	$	$	$	$
Intercompany Interest Income	-	-	17,577,642	14,969,409
Interest Income from Cash at Bank	1,306	3,412	1,306	3,412
Interest Income - Euro Bond	17,589,129	14,963,717	-	-
	17,590,435	14,967,129	17,578,948	14,972,821

The intercompany interest income from SIH1 was calculated and recognised as per the terms of the intercompany loan agreement between the Trust and SIH1.

The interest income accounted in SIH1 was calculated and recognised as per the terms of the Eurobonds.

4 Income Tax Expense / Benefit

Reconciliation of income tax to SIH1's accounting profit below:

	SIH1	
	2016	2015
	$	$
Numerical reconciliation of income tax expense and tax at statutory rate:		
Profit / (loss) before income tax expense	(8,005,322)	6,496,961
Tax at statutory rate of 30%	2,401,597	(1,949,088)
Income tax (expense) / benefit	2,401,597	(1,949,088)

5 Foreign Exchange Gain / Loss

	Consolidated		State Infrastructure Trust	
	2016	2015	2016	2015
	$	$	$	$
Unrealised gain / (loss) on foreign currency translation	(29,338,521)	24,608,371	(29,347,973)	24,612,596
Realised gain / (loss) on foreign currency translation	(115,514)	375,804	(114,882)	377,639
	(29,454,035)	24,984,175	(29,462,855)	24,990,235

6 Trade and Other Receivables

	Consolidated		State Infrastructure Trust	
	2016	2015	2016	2015
	$	$	$	$
Bank Interest Receivable	75	170	75	170
GST receivable	5,466	9,701	4,087	6,032
	5,541	9,871	4,162	6,202

Notes to the Financial Statements
For the Year Ended 30 June 2016

7 Intercompany Loan

	Consolidated		State Infrastructure Trust	
	2016	2015	2016	2015
	$	$	$	$
Loan to subsidiary	-	-	**205,788,228**	217,488,316
Loan interest receivable	-	-	**5,627,351**	5,812,476
	-	-	**211,415,579**	223,300,792

8 Deferred Tax

The deferred tax recognised in the Consolidated Statement of Financial Position relates to the subsidiary company of the Group, SIH1.

The Trust fully distributes its taxable income to the unitholder and as a result is not subject to income tax.

(a) Deferred Tax Asset

	SIH1	
	2016	2015
	$	$
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in the income statement		
Unrealised (gain) / loss on investment	**2,415,861**	(1,944,689)
Accrued expense	**(1,494)**	133
Unrealised foreign exchange loss	**(1,361)**	1,261
Current year tax (profit) / loss	**(8,816)**	(5,800)
	2,404,190	(1,949,095)
Movements		
Opening balance	**1,392,804**	3,102,937
Credited to the income statement	**2,404,190**	(1,949,095)
Exchange differences	**(457,452)**	238,962
Closing balance	**3,339,542**	1,392,804

Notes to the Financial Statements

For the Year Ended 30 June 2016

8 Deferred Tax continued

(b) Deferred Tax Liability

	SIH1 2016 $	SIH1 2015 $
The movement in deferred tax liability for each temporary difference during the year is as follows:		
Amounts recognised in the income statement		
Unrealised foreign exchange gain	1,474	(6)
	1,474	(6)
Movements		
Opening balance	-	6
Credited to the income statement	1,474	(6)
Exchange differences	(175)	-
Closing balance	1,299	-

9 Investments

Fair value of investment

	Consolidated 2016 $	Consolidated 2015 $
Investments	467,232,387	529,038,442
	467,232,387	529,038,442

For the purpose of managing and evaluating the performance of the investments, which comprise ordinary shares, preference shares and Eurobonds, the Trustee consider them as a group of assets.

Deutsche Australia Limited is the investment manager ("Manager") to SAS Trustee Corporation ("STC") for its investments in State Infrastructure Holdings 1 Pty Ltd. KPMG is the independent valuer ("Valuer") engaged by STC in respect of SIH1's investments. KPMG considered a number of valuation methods including discounted cashflow analysis, quoted comparable companies and market-based transactions to determine the fair value of the investments. Given the status of prevailing business conditions and the performance of the investment and the recommendation by the Manager, the Trustee, considers it prudent to hold the value of the investments in GBP terms, i.e. GBP 260,249,374 ($467,232,387 at an exchange rate of 1.795326) [2015: GBP 258,547,927 ($529,038,442 at an exchange rate of 2.046191)].

On 30 June 2016 the underlying investee company paid $4,078,733 (GBP 2,271,862 at an exchange rate of 1.795326) by way of redemption of preference shares. The fair value of investments reported above has been adjusted for the redemption.

Notes to the Financial Statements
For the Year Ended 30 June 2016

10 Trade and Other Payables

	Consolidated		State Infrastructure Trust	
	2016	2015	2016	2015
	$	$	$	$
Accrued taxation expense	-	12,264	-	6,135
Accrued accounting expense	-	17,744	-	9,048
Accrued trustee expense	-	40,808	-	40,808
	-	70,816	-	55,991

11 Net Assets Attributable to Unitholder

(a) Units on issue

	State Infrastructure Trust			
	2016		2015	
	No of units	$	No of units	$
Units on issue at the beginning of the year	3,340,574,930	476,557,619	3,259,380,110	465,825,414
Units issued during the year	103,139,393	15,250,294	81,194,820	11,424,111
Return of capital	-	(1,433,720)	-	(691,906)
Units on issue at the end of the year	**3,443,714,323**	**490,374,193**	**3,340,574,930**	**476,557,619**

During the financial year, the Trust made a capital return of $1,433,720 (2015: $691,906) to its unitholder from the proceeds of the redemption of preference shares from the underlying investee company.

(b) Change in net assets attributed to unitholder

	Consolidated		State Infrastructure Trust	
	2016	2015	2016	2015
	$	$	$	$
Net assets attributable to unitholder at the beginning of the year	**515,287,069**	440,303,119	**493,940,071**	458,593,970
Units issued during the year	**15,250,294**	11,424,111	**15,250,294**	11,424,111
Return of capital	**(1,433,720)**	(691,906)	**(1,433,720)**	(691,906)
Changes in net assets attributable to unitholder	**(71,771,798)**	64,251,745	**(29,343,467)**	24,613,896
Closing net assets attributed to unitholder	**457,331,845**	515,287,069	**478,413,178**	493,940,071

Notes to the Financial Statements
For the Year Ended 30 June 2016

12 Fair Value Measurement

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Investments in equity securities

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
2016				
Recurring fair value measurements				
Financial assets				
Investment	-	-	467,232,387	467,232,387
Total	-	-	**467,232,387**	**467,232,387**
2015				
Recurring fair value measurements				
Financial assets				
Investment	-	-	529,038,442	529,038,442
Total	-	-	**529,038,442**	**529,038,442**

(b) Valuation techniques used to derive level 2 and level 3 fair values

The Group obtains independent valuations at least annually for its investment. At the end of each reporting period, the Trustee in consultation with the Manager will update its assessment of the fair value of investments, taking in account the most recent independent valuations.

The valuation methodologies used by the independent value include discounted cash flow analysis and quoted comparable entities and market-based transactions.

All resulting fair value estimates for the investments are included in level 3.

Notes to the Financial Statements
For the Year Ended 30 June 2016

13 Related Parties

(a) General Information

Perpetual Corporate Trust Limited is the Trustee of State Infrastructure Trust.

The unitholder is SAS Trustee Corporation, a defined benefit superannuation fund.

Deutsche Australia Limited is the investment manager to SAS Trustee Corporation for its investments in the Group.

(b) Unitholders

Details of the unitholder and unitholding are as follows:

2016	**No. of units**	**%**
SAS Trustee Corporation	3,443,714,323	100.00
Total	**3,443,714,323**	**100.00**

2015		
SAS Trustee Corporation	3,340,574,930	100.00
Total	3,340,574,930	100.00

(c) Subsidiaries

The consolidated financial statements include the financial statements of State Infrastructure Trust and the following subsidiaries:

	2016	**2015**
	% of ownership interest	**% of ownership interest**
State Infrastructure Holdings 1 Pty Limited	100.00	100.00

State Infrastructure Holdings 1 Pty Limited was incorporated on 17 December 2013.

(d) Transactions with related parties

All transactions between the Group and related parties have been at market value on normal commercial terms and conditions. This includes purchases and sales of investments as well as applications and redemptions of units.

Loans to related parties

The Trust provided a loan of GBP 94,921,655 ($194,227,836 at an exchange rate of 2.046191) to State Infrastructure Holdings 1 Pty Ltd to fund the acquisition of the Eurobonds. The loan was drawn down on 29 January 2014.

(e) Key management personnel

The Trust does not employ personnel in its own right. The Manager has managed the affairs of the Trust for the period reported on.

Notes to the Financial Statements
For the Year Ended 30 June 2016

13 Related Parties continued

(e) Key management personnel continued

As at 30 June 2016 no key management personnel held units in the Trust.

Payments made from the Trust to the Trustee do not include any amounts directly attributable to key management personnel remuneration.

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

No key management personnel of the Manager have entered into a material contract with the Trust during the period.

14 Reconciliation of profit / (loss) to net cash inflow / (outflow) from operating activities

	Consolidated		State Infrastructure Trust	
	2016	2015	2016	2015
	$	$	$	$
a) Cash and cash equivalents as at the end of the reporting period	**4,218,105**	167,062	**53,871**	104,631

b) Reconciliation of net profit / (loss) for the period to net cash flows from operating activities				
Profit / (loss) for the year	**(17,474,257)**	44,406,373	**(11,882,021)**	39,864,190
Cash flows excluded from profit attributable to operating activities				
Unrealised FX (gain) / loss	**29,338,521**	(24,608,371)	**29,347,973**	(24,612,596)
Realised FX (gain) / loss	**115,514**	(375,804)	**114,882**	(377,639)
Interest revenue not received	**(17,589,129)**	(14,963,717)	**(17,577,642)**	(14,969,409)
Income tax benefits / (expenses)	**(2,401,597)**	1,949,088	**-**	-
Unrealised (gain) / loss on investment fair value adjustments	**8,052,870**	(6,482,298)	**-**	-
(Increase) / decrease in GST receivable	**4,235**	(4,916)	**1,944**	(3,715)
(Increase) / decrease in interest receivable	**95**	380	**95**	380
Increase / (decrease) in fees payable	**(70,816)**	10,537	**(55,991)**	19,512
Net foreign exchange difference	**(3,138)**	(779)	**-**	-
Cashflow from operations	**(27,702)**	(69,507)	**(50,760)**	(79,277)

15 Commitments and Contingencies

In the opinion of the Trustee, the Group did not have any commitments or contingencies at 30 June 2016.

Notes to the Financial Statements
For the Year Ended 30 June 2016

16 Events Occurring After the Reporting Date

On 25 July 2016, the Trust made a distribution payment of $17,461,446 in relation to the 2016 financial year to the unitholder (2015:15,250,294). The unitholder has invested the distribution amount on the same day into the Trust.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

State Infrastructure Trust
ABN: 50 580 647 086

Manager Declaration

In the opinion of the Manager:

(a) the financial statements and notes set out on page 1 to 18:

i) comply with the provisions of the Trust Deed and Australian Accounting Standards to the extent disclosed in Note 2 of the financial statements; and

ii) present fairly the Trust's financial position as at 30 June 2016 and of its performance for the period ended on that date.

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

For and on behalf of Deutsche Australia Limited in its capacity as Manager for State Infrastructure Trust.

....

Attorney Attorney

Sydney

10/8/16

Dated: 10.8.2016

State Infrastructure Trust
ABN: 50 580 547 086

Trustee Declaration

In the opinion of the Trustee:

(a) the financial statements and notes set out on page 1 to 18:

i) comply with the provisions of the Trust Deed and Australian Accounting Standards to the extent disclosed in Note 2 of the financial statements; and

ii) present fairly the Trust's financial position as at 30 June 2016 and of its performance for the period, ended on that date.

(b) the financial statements are in accordance with the Trust Deed.

For and on behalf of the Trustee.

....

Sydney Phillip Blackmore
Head of Wholesale Trustee

Dated 12 August 2016

Mr Andrew Barlass
Ms Sara Leong
Directors
Valley Commerce Pty Limited
c/- Deutsche Australia Limited
GPO Box 7033
SYDNEY NSW 2000

Contact: James Sugumar
Phone no: 02 9275 7288
Our ref: D1617806/1092

10 August 2016

Dear Directors

STATUTORY AUDIT REPORT

Audit for the year ended 30 June 2016

Valley Commerce Pty Limited

I have audited the financial statements of Valley Commerce Pty Limited (the Company) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2016, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Company. The PF&A Act requires that I send this report to the Company, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Company's financial statements. I enclose the Independent Auditor's Report, together with the Company's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on the Company's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7100 | f 02 9275 7200 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

Misstatements in the Financial Statements

The financial statements did not contain any misstatements.

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes will be reported in the Statutory Audit Report
- if matters of governance interest and significant misstatements are identified during the audit, the Auditing Standards require me to bring such matters to your attention and that of others charged with governance
- statutory obligations require the Auditor-General to report misstatements which resulted from or were not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Company.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on the Company's financial statements. This includes testing whether the Company has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Publication of the Statutory Audit Report

I consider this Statutory Audit report to fall within the definition of 'excluded information' contained in Schedule 2(2) of the *Government Information (Public Access) Act 2009*. Under Schedule 1(6) of this Act, you should ask for consent from the Audit Office before publicly releasing this report. You may also need to seek approval from the Minister and the Treasurer before publicly releasing this report.

Acknowledgment

I thank the staff of Deutsche Australia Limited for their courtesy and assistance.

Yours sincerely

James Sugumar
Director, Financial Audit Services

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Contents:	**Page No.**

INDEPENDENT AUDITOR'S REPORT

Valley Commerce Pty Limited

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Valley Commerce Pty Limited (the Company), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' statement.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Company in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern unless the Company will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based of the financial statements.

I conducted my audit in accordance with the Australian Auditing Standards, which require me to exercise professional judgement and maintain professional scepticism throughout the audit. I must also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to respond to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- conclude on the appropriateness of the directors' use of the going concern basis of accounting by obtaining audit evidence to identify whether material uncertainty exists. Events or conditions may cast significant doubt on the Company's ability to continue as a going concern. If I conclude material uncertainty exists, I must draw attention to the relevant financial statement disclosures in my Independent Auditor's Report. If the disclosures are inadequate, I must modify my opinion. My conclusions are based on audit evidence obtained up to the date of my Independent Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the transactions and events are fairly presented in the financial statements.

I communicate with the Directors about:

- the planned scope and timing of the audit
- significant audit findings including significant internal control deficiencies identified during my audit.

My opinion does *not* provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.

James Sugumar
Director, Financial Audit Services

10 August 2016
SYDNEY

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

DIRECTOR'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

Pursuant to section 41C of the *Public Finance and Audit Act 1983,* I declare on behalf of Valley Commerce Pty Limited that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Valley Commerce Pty Limited as at 30 June 2016.
2. The financial statements have been prepared in accordance with the Australian Accounting Standards, the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015.*

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Sydney this 10th day of August 2016 in accordance with a resolution of the Directors.

Director ....
Name: SARA LEONG

Director ....
Name: ANDREW BARCLAY

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2016

	Note	2016 $	2015 $
Revenue		-	-
Expense		-	-
Profit from Continuing Operations before Income Tax		-	-
Income tax expense		-	-
Profit for the year		-	-
Other Comprehensive Income		-	-
Income tax expense on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 $	2015 $
Total assets		-	-
Total liabilities		-	-
Net assets		-	-
Equity			
Contributed Equity	4	8	8
Accumulated Losses		(8)	(8)
Total equity		-	-

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Total equity at the beginning of the financial year		-	-
Profit for the year		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		-	-
Transactions with equity holders in their capacity as equity holders		-	-
Total transactions with equity holders		-	-
Total equity at the end of the financial year		-	-

The above Statement of Changes In Equity should be read in conjunction with the accompanying notes.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	$	$
Cash flows from operating activities		
Net cash flows from operating activities	-	-
Cash flows from investing activities		
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net increase/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the financial year	-	-
Cash and cash equivalents at the end of the financial year	-	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

1. Principal Activity

Valley Commerce Pty Limited (the Company) has been dormant during the twelve months ended 30 June 2016 and the twelve months ended 30 June 2015.

The Company is 100% owned by SAS Trustee Corporation (STC). The Company is a special purpose company set up to be able to enforce the coal royalty rights owned by STC.

The Directors have determined the Company to be a for-profit entity for financial reporting purposes.

The financial statements were authorised by the Directors on 10th August 2016.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Company's financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with:

- the *Public Finance and Audit Act 1983*
- the *Public Finance and Audit Regulation 2015*
- Australian Accounting Standards and Australian Accounting Interpretations

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest dollar and are expressed in Australian currency.

Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Revenue Recognition

Revenue is recognised when the entity gains control of the good or right to receive, it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably.

Employee Benefits

The Company has no employees.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2016

Notes to the Financial Statements (continued)

Insurance

The Company has no insurance activities.

Accounting for the Goods and Services Tax (GST)

The Company had no transactions during the year.

Receivables

Receivables at 30 June 2016 was nil (30 June 2015:nil).

Payables

Payables represent outstanding liabilities for goods and services received by the Company at 30 June 2016.

3. Auditor's Remuneration

	30 June 2016 $	30 June 2015 $
Total amount payable to the auditors of the Company for:		
(a) Audit of the financial statements	3,000	3,000
(b) Other services	-	-
	3,000	3,000

Audit Fees of the Company are paid by the parent entity of the Company – SAS Trustee Corporation (STC).
The auditor of the Company is The Audit Office of NSW.

4. Contributed Equity

Contributed equity represents issued capital comprising 8 shares at $1.00 each, the same in 2015.

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016**

Notes to the Financial Statements (continued)

5. Contingent Liabilities

The Company has no contingent liabilities at 30 June 2016 (2015: nil).

6. Commitments for Expenditure

The Company has no commitment for capital or lease expenditure at 30 June 2016 (2015: nil).

7. Financial Reporting by Segments

The Company continues to operate in one geographical area being NSW, Australia.

8. Key Management Personnel Compensation

	30 June 2016 $	30 June 2015 $
Total due and payable by the Company	-	-

9. Related Party Information

(a) SAS Trustee Corporation owns 100% of the shares of the Company since 15 July 1997.

(b) The names of the Directors of the Company in office during the year ended 30 June 2016 and up to the date of signing these financial statements are:

- Ms Sara Leong (appointed 23 July 2015)
- Mr Andrew Barlass (appointed 23 July 2015)

VALLEY COMMERCE PTY LIMITED

A.C.N. 004 530 787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2016

Notes to the Financial Statements (continued)

Material Assistance Provided at no cost to the Company

	30 June 2016 $	30 June 2015 $
Provided by STC:		
• Lodgement fees	246	317
• Audit fees	3,000	3,000
	3,246	3,317

It is not practicable to reliably measure the value of assistance provided by staff of Deutsche Australia Limited to the Company in relation to administrative, accounting and legal support.

End of Audited Financial Statements.

Compliance index for disclosure requirements

In accordance with the Annual Reports (Statutory Bodies) Regulation 2015, this index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

STATE SUPER
SAS Trustee Corporation

www.statesuper.nsw.gov.au
Pooled Fund ABN: 29 239 066 746

Level 16, 83 Clarence Street
Sydney, NSW 2000

PO Box N259
Grosvenor Place NSW 1220

02 9238 5906

Customer service

Between 8:30am and 5:30pm, Monday to Friday for the cost of a local call (unless calling from a mobile or pay phone).

State Authorities Superannuation Scheme (SASS)	1300 130 095
State Superannuation Scheme (SSS)	1300 130 096
Police Superannuation Scheme (PSS)	1300 130 097
Deferred benefit members	1300 130 094
Pension members	1300 652 113

Fax	02 4298 6688
Email	enquiries@stc.nsw.gov.au
Postal address	PO Box 1229 Wollongong NSW 2500

Personal interview service

For an interview appointment in Sydney call 02 9238 5540.

You can also arrange interviews at:

Newcastle	1800 807 855
Parramatta	1800 626 000
Port Macquarie	1800 676 839
Wollongong	1800 060 166