

lesf

SUPER ABN 13 704 288 646



2014

Annual Report

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This Annual Report has been prepared by The Trust Company (Superannuation) Limited as the Trustee of the LESF Super (LESF) which relates to the Financial Year ending 30 June 2014.

This Annual Report will assist you to understand your superannuation benefits. It should be read in conjunction with your 2014 Member Statement.

This Report has been prepared in accordance with the Corporations Act and Corporations Regulations 2001. While all reasonable care has been taken to ensure the information contained in this report is correct, the Trustee reserves the right to correct any error, misprint or omission. Information contained in this report is accurate as at 30 June 2014, based on information provided to the Trustee by the Fund's service providers and

underlying Investment Managers. Information contained within this Report is specific to the Fund, unless stated otherwise.

Neither the Trustee nor any of its service providers guarantee the performance of any of the investments available within the Fund.

This publication contains general information or general advice only that has been prepared without taking into account your objectives, financial situation or needs. In deciding whether to open, vary, or continue to hold an account, you should consider the relevant Product Disclosure Statement (PDS) for that account. Copies can be obtained from the LESF Member Services Team on 1800 359 686, or the LESF Super website www.lesf.com.au.

INTRODUCTION

We are pleased to provide you with this Annual Report ("**the Report**") for LESF Super ("LESF" or the Fund"). The Report is designed to inform members of developments in the Fund, and to provide superannuation information and updates since the previous Annual Report for the year ended 30 June 2013.

The Report covers the reporting period from 1 July 2013 to 30 June 2014 (Financial Year) and should be read in conjunction with your 2014 annual member statement.

LESF is a regulated fund under the Superannuation Industry (Supervision) Act 1993 ("**SIS Act**"). LESF was established in April 1989 as the Queensland Law Society Superannuation (employers and solicitors) Scheme, changing its name to the Law Employees Superannuation Fund (LESF) in July 1995, and to LESF Super in June 2014.

LESF's goal is to provide a simple yet effective super fund, designed to be able to meet your needs over the different stages of life. We seek to provide quality customer service for our members and employers and are focused on making employers' administration as easy and efficient as possible.

LESF does this by offering:

- Four investment options ;
- Automatic death and total & permanent disability insurance for eligible members;
- Automatic income protection cover for eligible members;
- The ability to change or increase your insurance cover;
- The ability to draw a superannuation pension from the Fund when you retire (from December 2014); and
- An authorised MySuper product (LESF MySuper) with the ability to accept all types of Superannuation contributions.

This Annual Report is issued by the Trustee, The Trust Company (Superannuation) Limited ("TTCSL" or "the Trustee" or "We"), ABN 49 006 421 638, AFSL No. 235153, RSE Licence No L0000635.



THE YEAR IN REVIEW

The 2014 Financial Year has been an important year for LESF. The Fund has successfully implemented a number of significant changes and improved features and benefits for members, while at the same time continuing to deliver sound returns for members. (11.17% net return for the LESF MySuper option). Summary details of these changes are as follows.

MySuper Authorisation

MySuper authorisation was granted to the former Trustee by Australian Prudential Regulation Authority ("APRA") on 12 December 2013 for LESF MySuper. The LESF MySuper option was launched in January 2014 by converting the existing Balanced investment option within the Fund. MySuper authorisation enables the Fund continue to accept all types of superannuation contributions and remain as a default fund within Industrial Awards.



Public Offer Fund

The Fund also became a public offer Superannuation fund from November 2013. This allows the Fund to accept a wider range of members.

Unit Price Conversion

On 6 June 2014 the Fund converted to a weekly unit pricing valuation method. As a result, members' accounts are updated weekly to reflect the market value of the Fund's investment.

New & Improved Investment Options

The Trustee reviewed the Fund's investment and approved a new option – Conservative in June 2014. The new investment option became available to all members from 1 July 2014. Details of the Conservative option is in the Product Disclosure Statement and 'Investment Option' section of this Annual Report on page 10.

Introduction of Pension Option

In order to continue to provide good product and services to members who are over 55 years old, the Fund has launched a Pension Plan – LESF Super Pension Plan on 1 December 2014. It is open to everyone who wishes to start a Transition To Retirement Pension while working, or retire permanently.

SuperStream Solution – LESF Clearing House

The Government's SuperStream reform has brought significant changes to the way employers making Superannuation Guarantee payments. As mentioned in the 2013 Annual Report, LESF has provided a

Super contributions Clearing House solution to all employers, assist them to meet e-commerce legislative requirements. By actively working with key employers and pro-actively communicating any important SuperStream information, we are making the transition easy for employers.

With the second phase of the SuperStream requirements coming in 1 July 2015, we will continue to work with employers to make their transition as seamless as possible.

New Name and Logo

Along with the public offer fund status, the Fund changed its name from Law Employees Superannuation Fund to LESF Super. The new Fund logo is as below:



Upgraded Website

In September 2014, the Fund has refreshed and re-launched its website www.lesf.com.au. The upgraded website has more information with easy navigation and quick links to favorites. It's also smart device responsive which means it can be accessed and viewed from any PC, smart phone, tablet or mobile device.

Other New Services

• Advisor Services

From April 2014, members can engage an external advisor and pay the advisor fees from their member account.

• Find and Combine Lost Super

With the new SuperMatch service, members can easily find and combine all of the superannuation monies into one account with LESF.

Member Statements

A personalised periodic statement covering the 2014 Financial Year has been sent to all members. You will notice that this year your statement has a new concise format. It is divided into a number of sections and includes member personal details, significant benefits, a transaction summary together with information about your investments and insurance cover.

This Report and your Statement provide an opportunity to review and update your personal information, particularly your contact details.

INVESTMENT MARKET OVERVIEW

Financial markets performed very strongly during the Financial Year to June 2014. This has further entrenched the recovery from the Global Financial Crisis, with many markets now trading above the levels reached prior to the crisis. Following the positive returns for the year to June 2013, the strong further appreciation of market values in the current year will have resulted in most superannuation fund members achieving results well ahead of inflation based targets. The Australian ASX 200 Index returned 17.4% for the year, international equities represented by the MSCI World Index (ex Australia) rose by 19.9%, local bonds appreciated by 6.1% and cash returns measured by the UBS Bank Bill Index delivered a return of 2.7%. The Australian Dollar firmed marginally against the US Dollar from 0.913 to 0.943 at year end.

Key factors supporting the markets over the year include:

- Continued slow recovery in the global economy led by the steady improvement in the US, turnaround in the recessionary conditions in Europe, improvements in Japan and while China continued to slow, there appears to be a growing confidence that growth will stabilise above 7%pa.
- Central banks stimulatory policies in an effort to reflate their respective economies and stave off the persistent deflationary forces that have been brought about by deleveraging post the financial crisis. Interest rates in most major economies have been held at record low levels and there has been a stated commitment from the monetary authorities to keep them at low levels until economic recovery is well entrenched.
- Ongoing quantitative easing in the US, Europe and Japan resulting in very supportive liquidity conditions for the investment markets.
- Robust corporate earnings growth, in many instances due to a focus on cost control and improving productivity. This has not led to any meaningful growth in wages and employment, however unemployment rates in many economies has been slowly declining and will likely continue to respond positively to the improving global economic momentum.

The environment for further appreciation in asset markets through the current Financial Year remains positive with most of the above factors still having a supportive influence. However, there are a growing number of risks which would suggest that returns will not repeat the levels of the past year and markets will be vulnerable to sharp reversals as some of these risks become front of mind for investors. These include the concern about the pace of interest rate rises as monetary stimulus comes to and end in the US, stretched valuation of certain growth markets resulting from the very extended period of monetary stimulus and creating an environment that is conducive to the formation of asset price bubbles, and a sharper slow down in the Chinese economy which would have further negative repercussions particularly for the Australian economy and the already very depressed levels of coal and iron ore prices.

We will continue to adjust the asset allocation of the Funds assets to respond to the economic and financial market environment with the firm objective of preserving member's capital and pursuing opportunities for capital growth over the medium to long term commensurate with a conservative tolerance for risk.

INVESTMENT PERFORMANCE

Table 1 shows the performance of LESF in each of the past five Financial Years for each investment option, together with the compound average performance over the 5 year period to 30 June 2014. This is the net performance, after fees and taxes.

Table 1 - Investment Options Investment Earnings				
Earnings rate for the Financial Year ended	Cash	Conservative	MySuper	Equities
2010	3.50%	N/A	9.50%	8.50%
2011	4.09%	N/A	11.09%	7.90%
2012	3.55%	N/A	-0.41%	-1.28%
2013	1.65%	N/A	12.58%	20.06%
2014	1.63%	N/A	11.17%	14.65%
Compound average annual return over 5 years	2.88%	N/A	8.68%	9.73%

Notes:

- Past performance is not an indication of future performance.
- The investment options provide access to the various asset classes, including property securities, Australian and international shares, cash and fixed interest, etc. Each option invests in at least one of these areas to varying degrees depending on whether the focus is on growth, securing capital or a balance between these investment objectives.
- The mix of investments used varies according to the objective of each option.
- The conservative investment option is a new option available.
- The Balanced option became LESF MySuper on 1 January 2014.

Asset Management

The Trustee is responsible for the management and investment decisions of the Fund and uses a range of specialists to advise on and manage the Fund's investments.

The Fund invests primarily in a range of wholesale managed investments, ASX listed securities, cash management trusts and cash.

The Trustee recently conducted a review of the investment options and their underlying investment portfolios. Following this review a number of changes were made to the managed investments used. In addition, a specialist Investment Manager, Tempo Asset Management, was appointed to more actively manage a portion of the Fund's assets.

Unit Pricing and Your Account

On 6 June 2014, the Fund adopted a weekly unit pricing valuation method. This is an important step for the Fund and brought LESF in line with modern superannuation practices.

What this means is that net investment earnings are allocated to your account with each unit price, rather than once each year as was previously the case. It also means that the value of your account directly reflects the recent market value of the Fund's investments.

The unit price is calculated for each option by taking the total market value of all of the option's assets, adjusting for any liabilities (including fees,

costs and taxes) and then dividing the net value by the total number of units held by all members on that day. Although your unit balance in an option will stay constant (unless there is a transaction on your account), the unit price will change according to changes in the net market value of the investment portfolio or the total number of units issued for the option. We determine the market value of each option based on the information we have most recently available.

The current unit price for the various investment options is available on our website at www.lesf.com.au or from the LESF Member Services Team upon request.

You can also view the value of your member account based on the most recent unit price, on the Fund website. Contact LESF Member Services if you need a member login.

What is Unitisation?

Your money is placed in a pool of investments along with every other member who has chosen that investment option.

Each investment option is then broken up into units and every unit you own in that investment pool represents your share of that investment option. A unit price is then applied to the units and the number of units multiplied by the price represents the total value of investment in that option.

INVESTMENT OPTIONS

In June 2014, we introduced a new investment option to LESF Super – the LESF Conservative option. LESF now has four (4) investment options for you to choose from. They are designed to meet different investment objectives and have been chosen to cater for different types of investors who have different investment needs.

The investment options are:

- LESF Cash
- LESF Conservative
- LESF MySuper
- LESF Equities

These options provide access to the various asset classes, including property securities, Australian and international shares, cash, fixed interest, etc. Each option invests in at least one of these areas to varying degrees depending on whether the focus is on growth, securing capital or a balance between these investment objectives. The mix of investments used varies according to the objective of each option. There is a risk that your investment in an option will fall in value from time to time.

Options can be used either individually or in varying proportions to construct an investment portfolio to suit your needs. A summary of the investment options is provided at page 9 and 10.

Investment Choice

Investment Choice is a personal decision and you should consider seeking professional financial planning advice when determining your risk profile and investment option selection.

Default Investment Option

Your member statement outlines your current investment selection. If you do not select an investment option when joining LESF or your choice is unclear, your member account will be invested in the LESF MySuper option.

You can change your investment option at any time. If you wish to switch to another investment option with LESF or you require further information on member investment choice, please refer to LESF Super Product Disclosure Statement (PDS) and LESF Super PDS Additional Information Guide or call LESF Member Services on 1800 359 686.

Derivatives Policy

The Trustee does not enter into any derivative contracts on its own account, although some underlying Investment Managers may have derivatives exposure in their portfolios.

It is the Trustee's policy not to use derivative investments directly. Derivatives include investment products such as futures, options, swaps and warrants. They are securities whose value is derived from other securities or assets.

Some of the underlying Investment Managers may use derivatives to reduce risks in their investment products and to increase or decrease their product's exposure to particular investment sectors or markets. However, use of derivatives carries its own risks for the underlying investment products (and therefore for the investment option) like the possibility that the derivative position is difficult or costly to reverse, that it does not perform as expected or that the parties to the derivative contract do not perform their contractual obligations.

Hedge Funds

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

Socially Responsible Investments

The Trustee has not taken into account labour standards or environmental, social, or ethical considerations in the selection of Investment Managers or the selection, retention or realisation of investments. However, underlying Investment Managers used may give consideration to these issues.

Reserves

Historically, as a crediting rate fund, the previous trustee operated a number of reserves including an Investment Revenue Reserve, Group Life Surplus, Administration Reserve, Taxation Reserve, Forgone Benefits Reserve and Other Reserve. These reserves were created where surplus income and member administration fees were used to offset administration expenses and other fund liabilities.

Each year as part of a final crediting rate process, the net Fund income was distributed to members, with an amount retained in the Administration Reserve to fund budgeted expenses for the year ahead.

As a result of converting the Fund into a unitised product, these reserves (apart from a small residual balance in the Investment Revenue Reserve) were extinguished and are no longer maintained. All net income attributable to members is now reflected in the unit prices of the Fund's investment options.

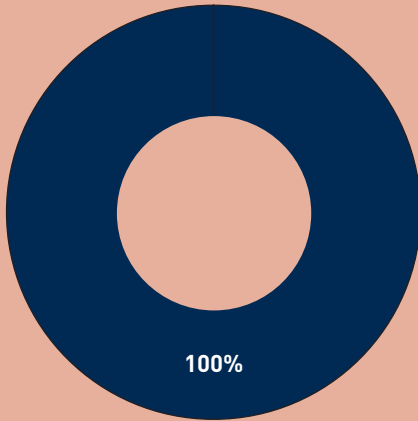
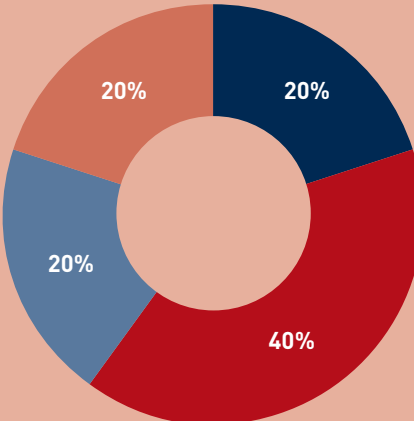
The Trustee also operates an Operational Risk Financial Reserve ("ORFR"). The ORFR is a requirement of Prudential Standard SPS 114. This reserve is to specifically cover potential losses arising from operational risks that may affect the Fund's business operations. An operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The ORFR may be drawn upon to assist in compensating members of the Fund in the event of an operational risk having materialised. The Trustee has determined that the target balance for this reserve is 0.25% of the Fund's Net Asset Value, and the Trustee has a strategy in place to reach this by 30 June 2016.

The reserve of \$174,000 for the 2013/2014 financial year comprises the accumulated ORFR and the small residual Investment Revenue Reserve.

Over the past 3 years, LESF's reserves have been:

Year	Amount
2013/2014	\$174,000
2012/2013	\$589,489
2011/2012	\$401,830

Table 3 – Investment Options Summary

	LESF Cash Option	LESF Conservative Option
Suitability	Likely to suit extremely conservative investors.	Likely to suit conservative investors.
Investment Return	To provide capital security by investing in cash and other bank-backed assets and a net return after tax and investment costs, equal to or better than inflation plus 0.5% p.a. when measured over a rolling 1 year period.	To provide a net return after tax and investment costs, equal to or better than inflation plus 2% p.a. when measured over a rolling 5 year period.
Objective	The Cash option aims to achieve a return before tax but after investment costs equal to or better than inflation and also positive when measured over any 1 year period.	The Conservative option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 1% p.a. when measured over any 5 year period.
Investment Strategy	The Trustee’s strategy in order to meet the investment objectives is to invest 100% in cash assets only.	The Trustee’s strategy to meet the objective is to invest in defensive assets, with some exposure to Australian shares.
Minimum suggested timeframe for investing	1 year	5 years
Risk Level	Probability of a negative return in any single year is less than 2%.	Probability of a negative return in any single year is less than 5%.
Strategic Target Asset Allocation	 <p>■ Cash 100%</p>	 <p> Defensive Assets: 80% (68 - 90%) ■ Cash 20% (2 - 42%) ■ Australian Fixed Interest 40% (8 - 25%) ■ International Fixed Interest (Hedged) 20% (0 - 16%) Growth Assets: 20% (10 - 32%) ■ Australian shares 20% (10 - 32%) </p>

	LESF Cash Option	LESF Conservative Option																																													
Suitability	Likely to suit members seeking mid to long-term growth of their superannuation with moderate volatility.	Likely to suit aggressive investors.																																													
Investment Return Objective	LESF MySuper option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 3% p.a. when measured over any 10 year period.	The Equities option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 4% p.a. when measured over any 10 year period.																																													
Investment Strategy	The Trustee's strategy to meet the objective is to invest in growth assets (Australian and International shares), with some exposure to fixed interest and cash.	The Trustee's strategy to meet the objective is to invest almost entirely in Australian and International shares with a very small exposure to cash.																																													
Minimum suggested timeframe for investing	10 years	10 years																																													
Risk Level	Probability of a negative return in any single year is less than 20%.	Probability of a negative return in any single year is less than 33%.																																													
Strategic Target Asset Allocation	<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Current Allocation</th> <th>Target Range</th> </tr> </thead> <tbody> <tr> <td>Defensive Assets:</td> <td>30%</td> <td>(15 - 50%)</td> </tr> <tr> <td> Cash</td> <td>5%</td> <td>(2 - 42%)</td> </tr> <tr> <td> Australian Fixed Interest</td> <td>15%</td> <td>(8 - 25%)</td> </tr> <tr> <td> International Fixed Interest (Hedged)</td> <td>10%</td> <td>(0 - 16%)</td> </tr> <tr> <td>Growth Assets:</td> <td>70%</td> <td>(45 - 85%)</td> </tr> <tr> <td> Australian shares</td> <td>35%</td> <td>(22.5 - 45%)</td> </tr> <tr> <td> International shares (Unhedged)</td> <td>35%</td> <td>(22.5 - 45%)</td> </tr> <tr> <td> Alternative Assets</td> <td>0%</td> <td>(0-20%)</td> </tr> </tbody> </table>	Asset Class	Current Allocation	Target Range	Defensive Assets:	30%	(15 - 50%)	Cash	5%	(2 - 42%)	Australian Fixed Interest	15%	(8 - 25%)	International Fixed Interest (Hedged)	10%	(0 - 16%)	Growth Assets:	70%	(45 - 85%)	Australian shares	35%	(22.5 - 45%)	International shares (Unhedged)	35%	(22.5 - 45%)	Alternative Assets	0%	(0-20%)	<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Current Allocation</th> <th>Target Range</th> </tr> </thead> <tbody> <tr> <td>Defensive Assets:</td> <td>2%</td> <td>(2 - 32%)</td> </tr> <tr> <td> Cash</td> <td>2%</td> <td>(2 - 32%)</td> </tr> <tr> <td>Growth Assets:</td> <td>98%</td> <td>(68 - 98%)</td> </tr> <tr> <td> Australian shares</td> <td>49%</td> <td>(34 - 60%)</td> </tr> <tr> <td> International shares (Unhedged)</td> <td>49%</td> <td>(34 - 60%)</td> </tr> </tbody> </table>	Asset Class	Current Allocation	Target Range	Defensive Assets:	2%	(2 - 32%)	Cash	2%	(2 - 32%)	Growth Assets:	98%	(68 - 98%)	Australian shares	49%	(34 - 60%)	International shares (Unhedged)	49%	(34 - 60%)
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FUND AND TRUSTEE INFORMATION

Trustee

On 13 August 2013, the trusteeship of the Fund transferred from LESF Pty Ltd to CCSL Limited, a specialist superannuation trustee company. Effective from 26 September 2014, The Trust Company (Superannuation) Limited (TTCSL) assumed trusteeship and was granted the MySuper authorisation of LESF Super. Like the previous trustee, CCSL Limited, TTCSL is a member company of the Diversa Group. The people involved with the management of LESF Super remain the same and as such this change will have no effect on your membership with LESF Super.

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

- Fund registration
- Issue of disclosure documents
- Compliance monitoring against legislative and regulatory requirements
- Risk Management

To satisfy capital requirements under superannuation legislation, the Trustee has the benefit of an approved guarantee of \$5 million from a financial institution. You can inspect the approved guarantee at the Trustee's offices.

Board of Directors

Details of Trustee Board Directors for both CCSL and TTCSL are as follows:

- Mark Cerché - Chairman
- Murray Jones - Director
- Andrew de Vries - Director
- Vincent Parrott - Executive Director

Remuneration

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

Indemnity Insurance

The Trustee holds professional indemnity insurance.

Compliance

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

Service Providers

The Fund is managed by the Trustee in accordance with the Trust Deed and Rules of the Fund. The Trust Deed permits the Trustee to appoint administrators, auditors, Investment Managers and advisers to assist with the management of the Fund. The Trustee has exercised this right. The Trustee has appointed the following service providers to manage certain aspects of LESF's operations, or provide specialist advice to the Trustee:

• Custodian

The Trustee has appointed Sandhurst Trustees Limited as Custodian to hold assets of LESF on behalf of the Trustee.

• Investment Manager

From the 30 June 2014 the Trustee has appointed Tempo Asset Management Pty Ltd as Investment Manager to more actively manage a portion of the Fund's assets.

• Administrator

The Administration and promotion of the Fund is conducted by Diversa Superannuation Services Limited ("DSS"), ABN 77 107 165 962, AFSL 273321. DSS provides super fund administration, product management, and marketing services to the Fund.

• Group Life Insurer

The Colonial Mutual Life Assurance Society Limited (CommInsure) ABN 12 004 021 809 AFSL 235035 acts as the Group Insurer to the Fund.

Note: Diversa Limited ("DL") has been the sole shareholder of the Trustee since 1 September 2014. On an arms length basis, Fund Administration is outsourced to DSS, a subsidiary business of DL.

FINANCIAL AND INVESTMENT INFORMATION

Fund Accounts

Abridged financial information for the Fund for the Financial Year ended 30 June 2014 is provided on the pages that follow. Finalisation of the audited accounts and lodgement of the Fund APRA Return was completed on time and within statutory deadlines.

The audited Fund financial accounts and audit report are available to members from the LESF Member Services on 1800 359 686 or are available on the website www.lesf.com.au. A printed copy of the audited fund financial accounts and audit report is also available upon request.

Asset Holdings and Significant Investment

Investments held by LESF Super that comprised 5% or more of the Fund's assets at 30 June 2014 were:

Table 4 – LESF Investment

Investment	Value	% Fund Assets
QIC Growth Fund	\$37,864,775	43.78%
Mercer Growth Portfolio	\$35,415,307	40.95%
Mercer Cash Portfolio	\$4,779,347	5.53%

In addition, the following managers hold a combination of investments which have a value in excess of 5% of the total assets of the Fund:

- QIC Limited
- Mercer Investments (Australia) Limited



LESF Super
Abridged Statement of Financial Position

	2014	2013
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE START OF YEAR	\$ 80,158,062	\$ 73,052,547
Assets		
Cash and Cash Equivalents		
Cash	\$ 1,225,825	\$ 1,184,391
Receivables		
Investment income receivable	\$ 1,063,123	\$ 1,121,225
GST receivable	\$ 13,667	\$ 41,626
Contributions Receivable	\$ 61,877	\$ 385,147
	\$ 1,138,667	\$ 1,547,998
Investments		
Unlisted Unit trusts	\$ 40,675,672	\$ 36,121,410
Pooled Superannuation Trusts	\$ 43,203,954	\$ 41,616,717
	\$ 83,879,626	\$ 77,738,127
Tax Assets		
Income tax refundable	\$ 233,601	\$ -
Deferred tax assets	\$ 5,344	\$ 451,986
	\$ 238,945	\$ 451,986
TOTAL ASSETS	\$ 86,483,063	\$ 80,922,502
Liabilities		
Other payables	\$ 185,574	\$ 413,462
Benefits payable	\$ 4,230	\$ 202,576
	\$ 189,804	\$ 616,038
Tax Liabilities		
Current tax liabilities	\$ -	\$ 91,571
Deferred tax liabilities	\$ -	\$ 56,831
	\$ -	\$ 148,402
TOTAL LIABILITIES	\$ 189,804	\$ 764,440
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF YEAR	\$ 86,293,259	\$ 80,158,062
LIABILITY FOR ACCRUED BENEFITS		
Allocated to members' accounts	\$ 86,087,485	\$ 79,403,535
Reserves	\$ 174,000	\$ 589,489
Not Yet Allocated	\$ 31,774	\$ 165,038
	\$ 86,293,259	\$ 80,158,062

CURRENT SUPER & TECHNICAL INFORMATION

For the year ending 30 June 2014, there were a number of important changes affecting superannuation. A summary of key changes follows.

Superannuation Guarantee (SG)

The SG rate has increased from 9.25% to 9.5% effective 1 July 2014. As a result of legislation passed by Federal Parliament on 2 September 2014, the SG rate of 9.5% will remain until 2021, then increase to 12% from 1 July 2025, by 0.5% increments each year.

Table 5 – SG Schedule

Year Starting 1 July	SG rate
2013	9.25%
2014	9.5%
2015	9.5%
2016	9.5%
2017	9.5%
2018	9.5%
2019	9.5%
2020	9.5%
2021	10%
2022	10.5%
2023	11%
2024	11.5%
Year starting on or after 1 July 2025	12%

Changes to Government Low Income Support Contribution (LISC)

If you or your employer make concessional contributions (including Superannuation Guarantee) to super and you earn \$37,000 or less a year, you may be eligible to receive a LISC payment up to \$500 directly into your super fund.

In order to qualify, you must earn at least 10% of your total income from employment or carrying on a business or a combination of both.

If LESF Super already has your Tax File Number (TFN), you don't need to do anything to receive the LISC, as it will be automatically calculated and paid by the ATO.

If you haven't provided your TFN to LESF Super, please contact us.

Temporary residents will not qualify for this concession.

Providing your Tax File Number (TFN)

It is important to provide your TFN to the Fund. Although it's up to you whether or not to provide your TFN to us, if we don't have your TFN, you could be disadvantaged in a number of ways:

- Higher tax on contributions and benefits;
- No personal contributions can be accepted;
- Difficult to locate your lost super;
- Unable to receive Government co-contributions and /or LISC.

You can provide your TFN to us by:

- Calling our Member Service Team on 1800 359 686; or
- Completing and returning a Change of Member Details / TFN notification form, which you can download from our website www.lesf.com.au.

In the 2014-15 Budget the Government reaffirmed its intention to cancel the LISC payment as it was linked to the Mining Resource Rent Tax (MRRT). The bill to repeal LISC was passed by Federal Parliament on 2 September 2014 and came into effect on 5 September 2014. This will mean that the LISC will continue to be payable and will not be repealed until the 2017 Financial Year.

Superannuation Thresholds Update

Superannuation contributions are subject to contribution caps with strict penalties in place if these limits are exceeded.

Monitoring Contribution Caps

We do not monitor the contribution cap for concessional contributions (e.g. employer contributions or salary sacrifice). For personal contributions, we do not monitor the aggregate amount. It is your responsibility to ensure that you do not exceed these caps through multiple contributions.

If you exceed the contribution caps, you will be personally liable for the excess concessional contributions tax for amounts above the caps, but you can elect for this to be deducted from your account balance. Excess non-concessional contributions tax must be paid from your account balance.

For the 2014 Financial Year, a range of updated superannuation thresholds come into effect. Some highlights of the updates include:

- An increase of the concessional contribution cap – the standard concessional contribution cap is increased to \$30,000 p.a. This includes all your Superannuation Guarantee contributions, employer contributions and salary sacrifice contributions. For people aged 49 years or over on 30 June 2014, special temporary contribution limits of \$35,000 p.a. apply.
- An Increase of the non-concessional contribution cap – for 2015 Financial Year this cap is \$180,000 p.a. If you are aged below 65, you can also bring forward two years' contributions caps. This effectively creates a three year block where total non-concessional contributions cannot exceed \$540,000.

Note, you cannot make a non-concessional contributions if you have not provided your TFN to us. See Providing Your TFN on page 14.

- An increase of the Government co-contribution thresholds – the maximum contribution amount is unchanged at \$500, however the upper and lower threshold to qualify for the co-contribution has increased to \$49,488 and \$34,488 respectively.

Refer to Table 6 – Updated Superannuation Threshold on page 16 for more information.

Contribution Caps & Your Super

Australian superannuation and taxation rules are complex. You should obtain professional advice on how the contribution caps may affect your superannuation.

Introduction of Temporary Budget Repair Levy

As proposed in the 2014-15 Federal budget, a temporary Budget Repair Levy of 2% was approved by the Parliament in June 2014.

The levy will apply from 1 July 2014 and apply to the 2015, 2016 and 2017 Financial Years to individual taxpayer with taxable incomes in excess of \$180,000 p.a. This effectively increase the top marginal tax rate from 45% to 47% plus the Medicare levy.

The temporary budget repair levy impacts the following:

- the tax rate on excess non-concessional contributions has increased from 45% plus Medicare levy to 47% plus Medicare levy;
- the maximum tax rate on excess concessional contributions counted towards the non-concessional contributions cap has increased from 93% to 95%;
- the tax rate paid by former temporary residents on any taxable component of a Departing Australian Superannuation Payment (DASP) has increased from 35% to 38%;
- the tax rate on excess untaxed rollover amounts has increased from 45% plus Medicare levy to 47% plus Medicare levy; and
- the tax rate on the taxable component of your superannuation benefit if you have not quoted your Tax File Number (TFN) has increased from 45% plus Medicare levy to 47% plus Medicare levy.

Departing Australia Superannuation Payment (DASP) Withholding Tax Rate Change

As a consequence of the introduction of the Temporary Budget Repair Levy, the withholding tax rates for super payments made to temporary residents have changed. Effective from 1 July 2014:

- DASP payments from a taxed super fund increase from 35% to 38%.
- DASP payments from an untaxed super fund increase from 45% to 47%.

Table 6 - Updated Superannuation Thresholds		
Threshold	FY 2013/14	FY 2014/15
Concessional contribution cap (per annum)		
Standard	\$25,000	\$30,000
Special temporary limit*	\$35,000	\$35,000
Non - Concessional contribution cap (per annum)		
Standard	\$150,000	\$180,000
Transitional – bring forward over three years to age 65	\$450,000	\$540,000
CGT cap amount (lifetime limit)	\$1,315,000	\$1,355,000
Superannuation Guarantee maximum contribution base (per quarter)	\$48,040	\$49,430
Co-contribution (per annum)		
Lower income threshold	\$33,516	\$34,488
Higher income threshold	\$48,516	\$49,488
Maximum adjusted taxable income for the Government low income superannuation contribution	\$37,000	\$37,000
Tax free part of bona fide redundancy and approved early retirement scheme payments (per payment)		
Base limit	\$9,246	\$9,514
Per completed year of service	\$4,624	\$4,758
Low rate cap amount (lifetime limit)		
(Previously known as post June 1983 low tax threshold) Applies to the taxable component of taxed super fund benefits for members aged 55-59	\$180,000	\$185,000
Untaxed plan cap amount		
Applies to the taxable component of untaxed super fund benefits	\$1,315,000	\$1,355,000
Employment termination payment cap	\$180,000	\$185,000
Note: * for 2013/14, a special temporary limit applies to people aged 59 years and over at 30 June 2013. For 2014/15, it applies to people aged 49 years and over at 30 June 2014.		

Contact the LESF Member Services Team on 1800 359 686 for more information on contributions held in your member account

■ **Medicare Levy Increase**

From 1 July 2014, the Government will increase the Medicare levy rate from 1.5 to 2% of taxable income for the 2014 Financial Year and later Financial Years.

The money raised from the increase will be placed into a DisabilityCare Australia Fund for 10 years.

■ **Proposed Changes to Age Pension Age (Not law yet)**

In the 2014-15 Budget the Government proposed to increase the qualifying age to receive the Age pension to 67 years from July 2025, and by six months every two years, until it reaches 70 years in 2035.

At the date of this Annual Report, this has not been passed by the parliament and not law yet.

■ **Deeming to Include Account-based Pension**

From 1 January 2015, the treatment of account-based income streams (such as the LESF Super Pension) by CentreLink under the income test will change and the 'deeming' rules will apply.

The new 'deeming' rules will be the same as those that currently apply to financial investments outside of superannuation, as outlined below:

- For a single pensioner, the first \$48,000 of the financial investments is deemed to earn income at 2% p.a. and any amount over that is deemed to earn income at 3.5% p.a.
- For a pensioner couple, the first \$79,600 (combined) or \$39,800 each members of a non-pensioner couple, is deemed to earn 2% p.a. and any amount over that is deemed to earn income at 3.5% p.a.

Deeming assumes that the account-based pension earns a certain rate of income. The actual income from the pension is not used for income test assessment, even if the income earned is above (or below) the deeming rates.

If you are receiving a social security income support payment from CentreLink and have an account-based pension opened before 1 January 2015, your account will not be subject to deeming and will continue to be assessed under the current rules.

However if you choose to change an existing product to a new product, or purchase a new product after 1 January 2015, the new product will be assessed under the deeming rules.

In addition, from 1 January 2015, if you (or your partner) stop receiving income support payments, your account based pension may be reassessed using the deeming rules if you receive these payments again in the future.

As the taxation and social security implications of superannuation pensions can be complex we recommend that you obtain professional financial advice relevant to your personal situation before making any decisions.

Your Social Security Benefits

As pensions are complex and give rise to different taxation and social security implications, you should consult your financial planner to obtain advice on your personal situation.

OTHER IMPORTANT INFORMATION

Change of Custodian and Bank Account

In September 2014, the Trustee appointed Sandhurst Trustees Limited as the custodian of the Fund.

As a result, the LESF bank account for all member contributions has changed. All future contributions and rollovers should be made to:

Bank:	Bendigo and Adelaide Bank
BSB:	633-000
Account No:	152 538 906
Account Name:	Sandhurst Trustees Ltd ACF LESF Super – Application Account

Please remember that any direct deposits to this account must be notified to the administrator at lesf@diversa.com.au.

Contact the LESF Member Services Team if you have any queries about this change on 1800 359 686.

Payment of Lost Member Accounts

Where LESF has identified a member as lost either due to the member's inactivity, or because they are uncontactable and the Fund has not received a contribution or rollover in the last 12 months, the Fund is required to transfer the member's accounts to the ATO as unclaimed moneys if:

- The lost member's account is less than \$2,000 (this threshold is proposed to increase to \$4,000 from 31 December 2015 and to \$6,000 from 31 December 2016); or
- The lost member's account is inactive and the Fund has not received an amount in the last 12 months and there are insufficient records to locate the member in the future.

To avoid becoming a Lost Member or having your account transferred to the ATO, it is important that you advise the Trustee of any change in your contact details.

Eligible Rollover Fund

Subject to any obligation to pay lost member money to the ATO, if you become a lost member, the Trustee may transfer your benefit to an Eligible Rollover Fund (ERF). An 'Eligible Rollover Fund' (ERF) receives and invests the members' entitlements in certain circumstances. Currently the ERF used by LESF is the Super Money Eligible Rollover Fund ("SMERF"). Contact details are:

SMERF
PO Box A2499
Sydney South NSW 1235
Tel: 1800 114 380
Email: smerf@diversa.com.au
Website: www.smerf.com.au

If your benefits are transferred to SMERF:

- You will no longer be a member of LESF;
- You will lose both your investment choice and insurance cover in LESF;
- You will become a member of either the SMERF and will be subject to its terms and conditions including having to contact SMERF to arrange payment or transfer your entitlement.

You can obtain a Product Disclosure Statement (PDS) by contacting SMERF directly. If your benefit is transferred to SMERF you will need to contact the SMERF administrator in order to deal with your investment. The Trustee of LESF reserves the right to change its ERF at any time.

The Trustee of LESF and the Trustee of SMERF are member companies of the Diversa Group.

Note: It is important that you inform LESF of any changes to your address details to ensure you are not transferred to the Eligible Rollover Fund unnecessarily.

Access to Reports, Information and Inquiries

You may request a copy of any of the following documents:

- Auditor's report and audited financial statements for the latest Financial Year
- Trust Deed

You may also request information from the Trustee to help you understand and make an informed judgement about:

- your benefit entitlements;
- the main features of LESF;
- the management and financial condition of LESF; and
- LESF's investment performance.

Privacy Reform

From 12 March 2014, The Privacy Act 1988 was amended replacing the national privacy principles with the Australian Privacy Principles (APP). LESF Super has updated its Privacy Policy to comply with the APP requirements. You can view the Privacy Policy on our website www.lesf.com.au or contact us for a copy.

LESF Online

LESF's website provides members with up to date information about the Fund, its investments and strategies, as well as the most recent returns of each investment option, annual reports, information and notices that have been sent to members. Download the latest LESF product disclosure statement, and additional information guide and forms.

Members are able to obtain up to date information about their specific super member account including account balances, investment transactions, contribution history and personal details such as your contact details or whether beneficiaries are correct.

If you are not already using our secure online Member Access facility, please call LESF 1800 359 686 to register for a User ID and pin number.

Enquiries and Complaints

If you have an enquiry you should contact the Enquiries and Complaints Officer (contact details are below).

If your enquiry is not resolved to your satisfaction or you wish to make a formal complaint you can write, call or email the Enquiries and Complaints Officer with details of your complaint. Depending on the nature of your complaint we may ask for your complaint in writing. The matter will be investigated and we will endeavour to advise you of our decision within 45 days of receipt of the complaint, however, complicated complaints may take longer to respond to.

Please note that under current superannuation legislation the trustee has up to 90 days from receipt of the complaint to provide a response. Complaints will be dealt with in accordance with the Trustee's Privacy Policy.

Enquiries and Complaints Officer

LESF Super

- PO Box A2499, Sydney South, NSW 1235
- Telephoning 1800 359 686, or;
- E-mail lesf@diversa.com.au

If you are not satisfied with the handling of your complaint, or its resolution, you may contact the Superannuation Complaints Tribunal (SCT). The SCT is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain superannuation complaints. You should ring to find out whether the SCT can handle your complaint and the type of information you need to provide.

The SCT can be contacted as follows:

Superannuation Complaints Tribunal

- Locked Bag 3060
- GPO MELBOURNE VIC 3001
- T: 1300 884 114
- W: www.sct.gov.au



CONTACT DETAILS

Trustee:

The Trust Company (Superannuation) Limited

T (03) 9616 8600

P GPO Box 3001,

Melbourne VIC 3001

Administrator & Promoter:

Diversa Superannuation Services Limited

T 1800 359 686

P PO Box A2499, Sydney South NSW 1235

F (02) 9262 7473

E lesf@diversa.com.au