



Annual report
2017



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About this annual report

This Annual Report is issued by Diversa Trustees Limited (the Trustee or Diversa Trustees or We) as the Trustee of LESF Super (LESF or the Fund) which relates to the financial year ending 30 June 2017.

This annual report will assist you to understand your superannuation benefits. It should be read in conjunction with your 2017 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 2017, 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.

The information in this document has been prepared by Diversa Trustees Limited ABN 49 006 421 638, AFSL 235153, APRA RSE License No L0000635, as Trustee for LESF Super ABN 13 704 288 646. It is intended to provide you with general information only and does not take into account your personal objectives, financial situation or needs. Before making any financial decisions about your LESF Super, it is important that you consider the current product disclosure statement (PDS) relevant to your membership, your particular circumstances and whether the particular financial product is right for you. The relevant PDS is available on www.lesf.com.au. You should consult a financial adviser if you require personal advice. LESF Super is issued by Diversa Trustees Limited.

Report from the Board of Trustees



The year presented market challenges, consolidation and changes for the better along with continuing commitment to serving LESF members.



Welcome to our annual report for the year to June 2017. The year presented market challenges, consolidation and changes for the better along with continuing commitment to serving LESF members.

Once again, the environment was one of change, with the year starting with the fallout and recovery from the Brexit vote, then onto the Trump presidential win and the confirming of some key changes in the Australian superannuation system.

The changes to the superannuation system give rise to a number of changes such as the amounts that can be contributed to super each year, caps on the amount that can be used to start a pension and eligibility to make personal contributions.

Diversa is part of the expanding OneVue Group, which provides superannuation and investment management solutions. Leveraging the strength of this group is an important priority for the Trustee Board and this continued to be a key strategy through the year.

The Trustee has been focussing on building a stronger fund for the members' benefit. We aim to provide a high quality of service to our members and ensure that the Fund complies with all relevant legislation, audit and regulatory requirements.

The Board provides leadership and vision for the organisation and monitors investment strategies and returns for each product. The Fund's introduction of the SuperMatch² service online will allow members to match their tax file number and accompanying identification with the ATO client register. This gives our members the opportunity to locate lost and existing super.

Investment management

Returns for the 2017 financial year have been the best in three years with the Balanced option recording 7.18%

return for the year for accumulation members and 7.97% for pension members.

Outlook

The Board would like to thank you for entrusting your retirement savings to us. The Board would also like to thank the management team and staff for their dedication and efforts in administering the Fund.

With political and economic uncertainty dominating the landscape at the moment the Board will continue to administer LESF so that it continues to meet the needs of members in a world of continuous change in investment markets, regulation and technology

Launch of GROW Super

In May 2017, GROW Super was established. GROW is a Fund that fuses innovation and technology with the core values of Access, Transparency and Wealth Creation.

GROW's goal is to break down the confusion that many Australians have towards their superannuation by empowering them with the information and education that will enable them to achieve their financial goals on a platform that is engaging and enjoyable to use.

We look forward to the continued growth of GROW in 2018.



Vin Plant

Chair Diversa Trustees Board

Governance

The Trustee

Diversa Trustees Limited (the Trustee) ABN 49 006 421 638, AFSL 235153, RSE Licence Number L0000635, is the Trustee of the Fund. Diversa Trustees is a wholly owned subsidiary of OneVue Holdings Limited (OneVue) since 6 October 2016. The Trustee employs specialist providers to help look after the Fund and its investments, which are outlined in the 'Directory' section at the end of this report.

The Trustee Board

The Board provides leadership and vision for the organisation and monitors investment strategies and returns for each product. It ensures compliance with all legislative and regulatory requirements, to give LESF members security and peace of mind about their investments.

Board members

As at 30 June 2017, the composition of the Board is as follows.



Vin Plant - Chairman

BBus Fin, MBA, F Fin, MAICD

Vin Plant is a Sydney based financial services specialist and the chairman of the Diversa Trustees Board. Vin was appointed to the Diversa Trustee Board on 4 May 2017. He has served as a non-executive director on the PayPal Australia Board since 2009 and has been Chairman of PayPal's Audit & Risk Committee since 2010. A former investment banker, he was a Partner at HSW Capital from 2009 to 2010 and held various senior positions at Standard Chartered Bank from 1991 to 2008. Vin is a fellow of FINSIA and a member of the Institute of Company Directors.



Karen Gibson - Director

BSc MBA GAICD

Karen Gibson was appointed to the Diversa Trustee Board on 4 May 2017 and is also a Director of OneVue. Throughout her career, Karen has demonstrated a solid understanding of the superannuation industry and developed a reputation for sound and ethical decision making. She has worked with various boards including large and small organisations, retail and industry, and government and non-government institutions.

With more than 20 years' experience in operations, strategic and operational planning, investment strategy, and change and risk management, Karen has held a variety of executive roles. She was the Chief Executive at City Super and Energy Super, and General Manager of Member Advice and Communications at LGSuper. Her achievements include the successful mergers between City Super and LGSuper, and the Suncorp and Metway superannuation funds.

Karen is a graduate member of the Australian Institute of Company Directors. She is also a member of Women in Finance, Women in Super and the Australian Institute of Management.



Murray Jones - Director

Murray has worked within the financial services industry for over 20 years. He has provided advice on corporate governance and strategic planning issues to institutions; acted as an independent expert under ASIC enforceable undertakings; chaired audit risk and compliance committees; been appointed as a responsible manager for a number of AFS Licence holders spanning listed and unlisted fund managers and financial advisory businesses.

He is currently Managing Director of Compliance & Risk Services Pty Ltd which has acted for over 150 financial institutions in establishing and supporting financial services businesses. His company has also developed a web based software solution, CRSCertus, which is used by a number of prominent financial institutions to manage their risk and compliance obligations.

Murray's expertise spans retail and wholesale funds management, securities operations, superannuation, insurance, corporate advisory and financial planning.



Vincent Parrott - Director

Vincent has over 25 years' experience in the financial services industry. He has worked in leadership roles within the institutional funds management sector for AMP, SBC (now UBS Global Asset Management), BT Funds Management and Aberdeen Asset Management.

In 2001 he co-founded boutique asset manager, Souls Funds Management where he served as Managing Director from 2001 to 2008. Through his career he has had experience in investment research and portfolio management, superannuation, sales and marketing, business operations, and general management.



Garry Wayling - Director

BCom (Acctg), GAICD, ACA

Garry Wayling brings more than 30 years' experience in a professional services career to the Diversa Trustees Board. Gary was appointed to the Diversa Trustee Board on 4 May 2017. He is also a Director of OneVue and is widely regarded as a specialist in business planning, initial public offerings, due diligence and Sarbanes Oxley reviews.

His industry experience is broad encompassing large manufacturers, steelworks, major hotel chains, technology companies and IT start-ups. He has held various executive positions including Chief Financial Officer at Aston Resources Limited and Managing Director of CoalWorks Limited. Garry has also worked in external audit and advisory roles with Arthur Andersen and Ernst and Young where he was the Oceania Markets IPO Leader.

Garry is an independent Director of several companies including Eaton Vance Australia, AppDynamics Australia and Odyssey House. He is also an ex-officio member of the Board Audit Risk Committee for Mission Australia. An Associate Chartered Accountant, Garry is a Graduate of the Australian Institute of Company Directors.

Note: Andrew de Vries ceased to act as Director on 13 January 2017. Mark Cerché ceased to act as Director (Chairman) on 4 May 2017. Luke Barrett ceased to act as Director on 4 May 2017.

Board committees

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

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

- Investment Committee
- Audit, Compliance and Risk Committee

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

Professional Indemnity Insurance

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

The Trust Deed

The governing rules of the Fund are set out in the LESF Trust Deed. The Board has some powers to alter the Trust Deed. A copy of the Fund's Trust Deed can be found online at www.lesf.com.au.

Compliance

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

Annual report

If you would like a copy of this annual report free of charge, please contact the Administrator on 1800 359 686 or by emailing lesf@diversa.com.au. Alternatively, you can obtain an electronic version at the Fund's website www.lesf.com.au.



Investments

Investment Options offered

LESF has six investment options for you to choose from, designed to meet different investment objectives. This range of options has been chosen to cater for different types of investors who have different investment needs.

The options are:

- LESF Cash Option
- LESF Conservative Option
- LESF MySuper Option (Default Option)
- LESF Equities Option
- LESF High Growth Option
- LESF Listed Property Option

These options provide access to the various asset classes, including property securities, Australian and international shares, cash, fixed interest etc. Each option invests in 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 (refer to section 4 of the PDS for more information on Investment Risk).

Investment objectives

The Fund's overall investment objective is to provide each member with a choice of investment strategies to allow the member's superannuation to grow over the long term whilst minimising investment risks.

Each of the Fund's six investment options has a different investment objective, as set out in the description of the options on the following pages.

In the description of each option you will find the investor profile, minimum investment timeframe, expected frequency of negative annual returns, risk classification and strategic target asset allocation.

The return expectations contained within these objectives are based on advice from the Fund's investment consultant. Fluctuations in inflation and investment markets may, from time to time, cause outcomes different to the returns stated in the objectives.

The performance of each investment option is dependent on the performance of the underlying investments, which can fall as well as rise in value, resulting in capital losses or capital profits. Members should not take past performance as an indication of future performance. The general market and economic conditions that existed in the past could be different in the future and these differences could have a significant impact on investment returns.

Default investment option

Your member statement outlines your investment holdings as at 30 June 2017. If you do not select an investment option when joining LESF, your member account will be invested in the MySuper option.

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

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

For further information on member investment choice, please refer to the LESF Product Disclosure Statements (PDS) and the LESF Member Guides, which are available on the Fund's website or call LESF Member Services on 1800 359 686.

Using derivatives

The trustee may use derivatives to manage risk or gain exposure to types of investments where we believe it is appropriate. Derivatives are used to control risk, improve returns or to change asset class weightings as part of an overall investment strategy. Derivatives are not used for speculation. All derivatives are cash or security backed and no gearing of positions is allowed. The fund exposure was less than 5% of total assets over the reporting period.

Hedge funds

The Trustee has authorised, and will continue to permit exposure to, the asset class commonly referred to as 'hedge funds'. These investments, may also be known as 'absolute return' investments, and have as their overall objective to produce positive returns not defined or measured against any one benchmark. While these investments can be considered as higher risk, LESF 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.



Investment options

LESF Super Funds as at 30 June 2017






	Cash	Conservative	MySuper
 <p>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</p>	Likely to suit extremely conservative investors.	Likely to suit members with a shorter term investment time frame, seeking stable returns with a low level of risk.	Likely to suit members with a longer term investment time frame, seeking sound returns above inflation, and who are able to tolerate a medium to high level of investment risk.
 <p>INVESTMENT OBJECTIVE</p>	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.	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.
MINIMUM SUGGESTED INVESTMENT TIME FRAME	1 year	5 years	10 years
 <p>STANDARD RISK MEASURE[#]</p>	Very low	Low	High
 <p>INVESTMENT OPTION ASSET ALLOCATION RANGE</p>	Cash 100%	Cash 10 - 40% Australian equities 10 - 32% International fixed interest (hedged) 0 - 30%	Cash 2 - 42% Australian Equities 22.5 - 45% International equities (unhedged) 22.5 - 45% International fixed interest (hedged) 0 - 16%
 <p>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</p>	Defensive 100% Growth 0%	Defensive 68 - 90% Growth 10 - 32%	Defensive 15 - 55% Growth 44 - 85%






* The funds in your cash option are on deposit with Australia and New Zealand Banking Group Limited, ABN 11 005 357 522. We will not withdraw any part of your money except at your or your nominated representative's direction.

	Equities	High Growth	Listed Property
WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	Members who seek high returns over the medium to long term in a diversified investment option, and who are comfortable accepting fluctuations in their account balance over the medium to long term.	Likely to suit members with a longer term investment time frame, seeking sound returns above inflation, who are able to tolerate a high level of investment risk.	Likely to suit members with a longer term investment time frame, seeking sound returns above inflation, who are able to tolerate a high level of investment risk.
INVESTMENT OBJECTIVE	CPI + 3.00%	The High Growth option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 4.0% when measured over any 10 year period.	The Listed Property option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 2.5% when measured over any 10 year period.
MINIMUM SUGGESTED INVESTMENT TIME FRAME	5 - 7 years	10 years	10 years
STANDARD RISK MEASURE [#]	Medium to High	High	High
INVESTMENT OPTION ASSET ALLOCATION RANGE	Cash 2 - 32% Australian equities 34 - 60% International equities (unhedged) 34 - 60%	Cash 2.5 - 25% Australian equities 35 - 50% Australian fixed interest 0 - 15% International equities (unhedged) 35 - 50% International fixed interest (hedged) 0 - 10%	Cash 2 - 32% Australian equities 38 - 98% International property 0 - 30%
DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE	Defensive 2 - 32% Growth 68 - 98%	Defensive 5 - 25% Growth 75 - 95%	Defensive 2 - 32% Growth 68 - 98%






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

GROW investment options as at 30 June 2017

	GROW MySuper	GROW 30	GROW 40	GROW 50
 <p>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</p>	Members seeking mid to long-term growth of their superannuation with moderate volatility.	Members who prefer a low risk diversified investment option and are willing to accept some account balance fluctuation over the short term. With a strong focus on stability rather than growth, this portfolio will have a higher weighting towards fixed interest and cash	Members who are comfortable with a moderate amount of volatility but want most of their balance exposed to defensive assets. With a higher allocation to fixed interest and cash, the fund is designed to reduce volatility through fixed interest exposure whilst achieving medium term growth. Members will likely experience some account balance fluctuation over the short to medium term due to the high exposure to growth assets than the capital stable fund.	For members with a time horizon of 3-5 years who are comfortable with an equal mix of growth and defensive assets. This portfolio may suit members who can accept that returns may be negative in some years however expect that over the long term, the portfolio will generate capital growth above inflation.
 <p>INVESTMENT OBJECTIVE</p>	CPI +3.00% per annum over rolling 10 years	CPI +1.50% per annum over rolling 3 years	CPI +2.0% per annum over rolling 4 years	CPI +2.5% per annum over rolling 4 years
<p>MINIMUM SUGGESTED INVESTMENT TIME FRAME</p>	10 years	3 years	3 - 5 years	3 - 5 years
 <p>STANDARD RISK MEASURE[#]</p>	High	Low to Medium	Medium	Medium
 <p>INVESTMENT OPTION ASSET ALLOCATION RANGE</p>	<p>Cash 2 - 42%</p> <p>Fixed interest 8 - 41%</p> <p>Australian Equities 22.5 - 45%</p> <p>International equities 22.5 - 45%</p>	<p>Cash 0 - 5%</p> <p>Fixed interest 65 - 75%</p> <p>Australian equities 8 - 14%</p> <p>International equities 13 - 22%</p> <p>Property 1 - 4%</p>	<p>Cash 0 - 5%</p> <p>Fixed interest 55 - 65%</p> <p>Australian equities 10 - 18%</p> <p>International equities 17 - 29%</p> <p>Property 1 - 5%</p>	<p>Cash 0 - 5%</p> <p>Fixed interest 45 - 55%</p> <p>Australian equities 13 - 23%</p> <p>International equities 21 - 36%</p> <p>Property 1 - 6%</p>
 <p>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</p>	<p>Defensive 15 - 55%</p> <p>Growth 45 - 85%</p>	<p>Defensive 65 - 75%</p> <p>Growth 25 - 35%</p>	<p>Defensive 55 - 65%</p> <p>Growth 35 - 45%</p>	<p>Defensive 45 - 55%</p> <p>Growth 45 - 55%</p>

	GROW 60	GROW 70	GROW 80	GROW 100
 <p>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</p>	For members with a longer time horizon of at least 5-7 years who are comfortable with slightly higher exposure to growth than defensive assets. The portfolio is expected to have short term fluctuations whilst producing capital growth over medium-long term.	This option is growth orientated and better suited for long-term investors who accept some investment risk over the long term. With an investment split of 30% defensive and 70% growth, the defensive exposure should dampen the short-term fluctuations in value. Overall the portfolio will have a high exposure to shares and property to assist with providing long-term capital growth.	For members who have a strong focus on maximising capital growth over the long-term. Members may expect high short term fluctuations in value and a higher chance of capital loss. Members who select this portfolio should be comfortable with higher risk as a trade-off for achieving their long-term investment objectives.	For members who want no exposure to income/defensive assets. With a strong focus on maximising capital growth over the long-term it is like that investors may experience high short term fluctuation in value and higher chance of capital loss. Members who select this portfolio are willing to accept this higher risk as a trade-off for achieving their long-term investment objectives.
 <p>INVESTMENT OBJECTIVE</p>	CPI +2.75% per annum over rolling 6 years	CPI +3.0% per annum over rolling 6 years	CPI +3.5% per annum over rolling 8 years	CPI +4.0% per annum over rolling 10 years
<p>MINIMUM SUGGESTED INVESTMENT TIME FRAME</p>	5 - 7 years	5 - 7 years	7 - 10 years	10 years
 <p>STANDARD RISK MEASURE#</p>	Medium/High	Medium/High	High	Very High
 <p>INVESTMENT OPTION ASSET ALLOCATION RANGE</p>	<p>Cash 0 - 5%</p> <p>Fixed interest 35 - 45%</p> <p>Australian equities 16 - 28%</p> <p>International equities 25 - 43%</p> <p>Property 1 - 47%</p>	<p>Cash 0 - 5%</p> <p>Fixed interest 25 - 35%</p> <p>Australian equities 18 - 32%</p> <p>International equities 29 - 50%</p> <p>Property 1 - 8%</p>	<p>Cash 0 - 5%</p> <p>Fixed interest 15 - 25%</p> <p>Australian equities 21 - 37%</p> <p>International equities 34 - 58%</p> <p>Property 2 - 10%</p>	<p>Cash 0 - 5%</p> <p>Australian equities 26 - 46%</p> <p>International equities 42 - 72%</p> <p>Property 2 - 12%</p>
 <p>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</p>	<p>Defensive 35 - 45%</p> <p>Growth 55 - 65%</p>	<p>Defensive 25 - 35%</p> <p>Growth 65 - 75%</p>	<p>Defensive 55 - 65%</p> <p>Growth 35 - 45%</p>	<p>Defensive 0 - 5%</p> <p>Growth 95 - 100%</p>

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

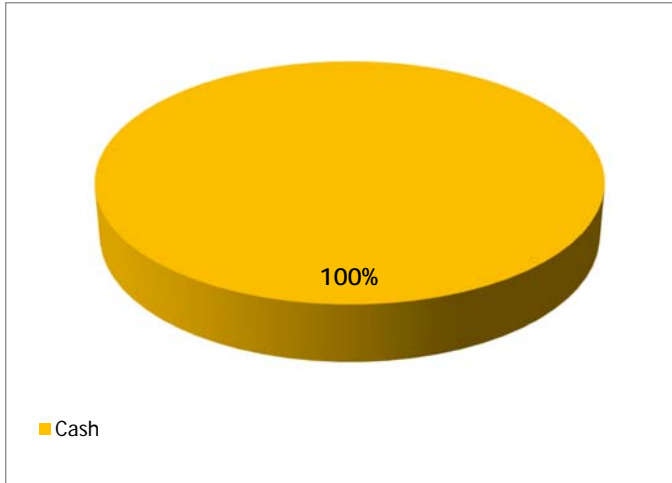
	GROW Green Energy	GROW Global Property
 WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	For members seek long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value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

Investment allocation

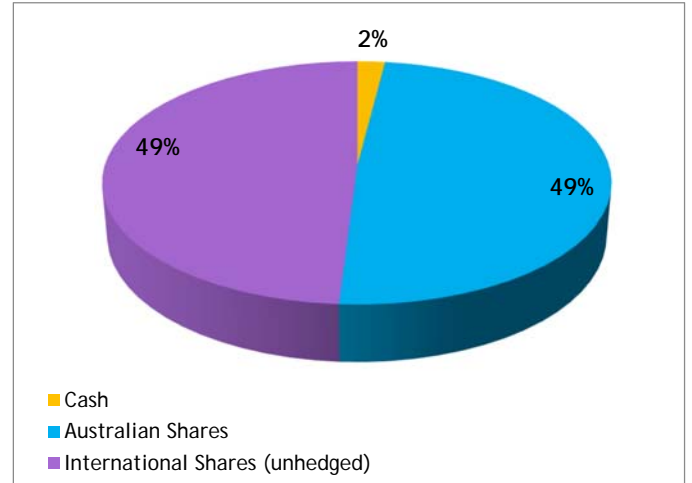
LESF Super (Including Macmahon Employees Super)

Managed Actual investment options as at 30 June 2017

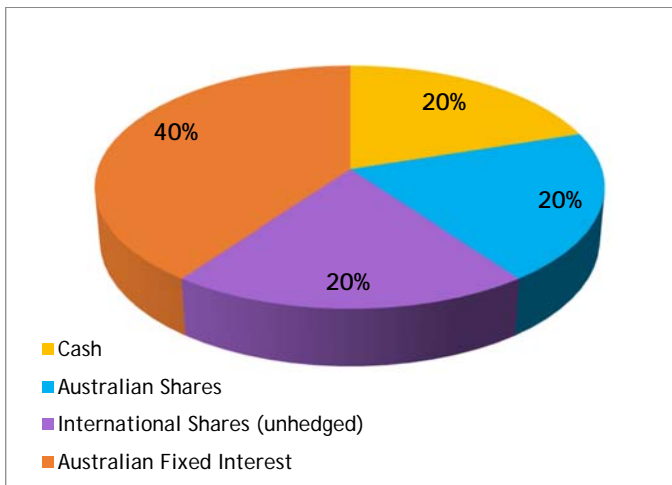
CASH



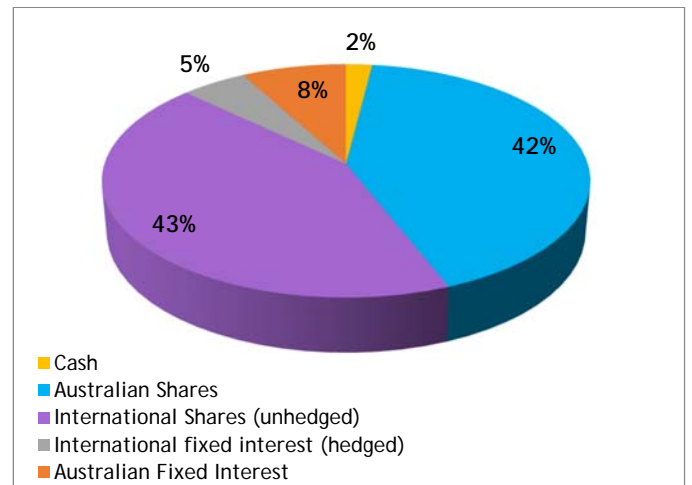
EQUITIES OPTION



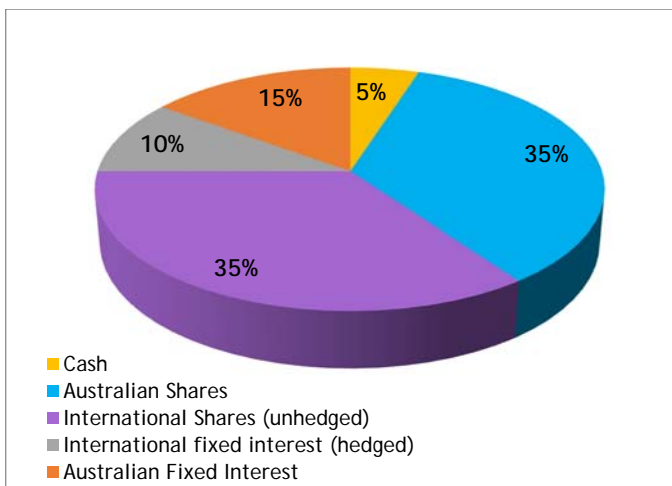
CONSERVATIVE OPTION



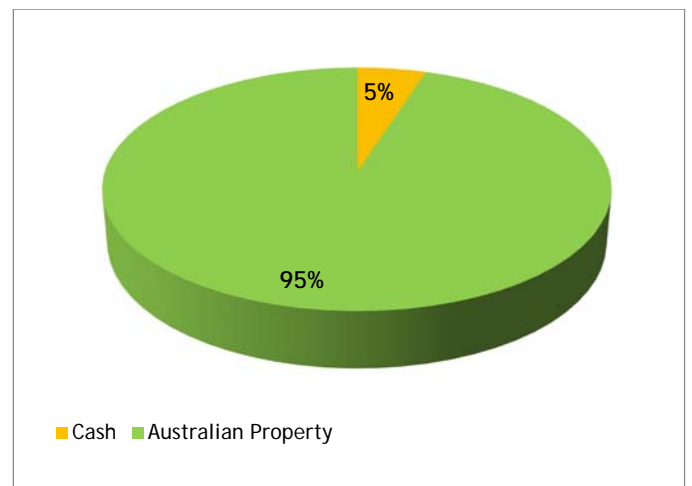
HIGH GROWTH OPTION



MYSUPER OPTION



LISTED PROPERTY OPTION



Investment performance

For fair comparison purposes, returns shown are net of all investment fees, administration fees and taxes. Past performance should not be relied upon as an indication of future returns. Actual returns will be determined by the investment strategy adopted and prevailing market conditions.

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.

Unit pricing and your account

LESF is a unitised product which is priced weekly. This means that each contribution or rollover buys a certain number of units in your chosen investment option depending on the price at the time of investment. As the investments of each option can move either up or down in value, so does the unit price.

The value of the investment options, and therefore the unit prices, will be adjusted to allow for any taxes on

investment earnings and management costs. 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 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.

Contributions and rollovers into the Fund are normally processed at the unit price at the end of the week in which they are received. Benefit payments and rollovers out of the Fund are normally processed at the unit price that is current on the date of the payment.

The current unit price for the various investment options is available from the Administrator upon request. You can also view the value of your member account based on the most recent unit price from your online account. Contact the Member Services if you need a member login.

The value of your investment is calculated by multiplying the number of units held in that investment option by the unit price for that investment option.

LESF Super returns at 30 June 2017 (%)^{*} - includes Macmahon

Investment Option	1 year return	2 year return	3 year return	Return since inception
Cash	0.68	0.74	0.90	1.20
Conservative ^{***}	1.28	2.28	NA	
MySuper ^{**}	7.18	3.58	4.38	7.31
High Growth ^{***}	8.3	NA	NA	
Equities	9.96	3.73	4.71	9.59
Listed Property ^{***}	-4.68	NA	NA	

LESF Pension returns at 30 June 2017 (%)* - includes Macmahon

Investment Option	1 year return	2 year return	3 year return	Return since inception
Cash	0.55	0.81		0.81
Conservative***	NA	NA		NA
Balanced**	7.97	4.07	2.12	2.55
High Growth***	NA	NA		NA
Equities	NA	NA		NA
Listed Property***	NA	NA		NA

* Returns are to 30 June 2017 and net of all investment fees, administration fees and taxes.

** During 2014, the MySuper investment option opened on 1 January 2014, and the Pension Balanced option opened on 21 December 2014. Subsequently 3, 5 and 10 year compound returns are unable to be determined.

*** During 2015, the Super Conservative investment option opened from 6 March 2015, High Growth and Listed Property opened from 30 October 2015. Subsequently 3, 5 and 10 year compound returns are unable to be determined.

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

Past performance is calculated pre-tax and after fees and expenses, assumes distribution reinvestment but does not take into account inflation.

GROW Super investment returns at 30 June 2017 (%)*

Investment Option	Inception Date	Return since inception
GROW 30	12/05/17	-0.53
GROW 40	12/05/17	-0.42
GROW 50	12/05/17	-0.65
GROW 60	12/05/17	-0.27
GROW 70	12/05/17	-0.72
GROW 80	12/05/17	-0.85
GROW 100	12/05/17	-0.80
GROW Industrial	12/05/17	-3.15
GROW Future Internet	12/05/17	-2.80
GROW Global Sustainability	12/05/17	-1.01
GROW Green Energy	12/05/17	-0.97
GROW Global Property	12/05/17	-1.72

Investment managers

LESF Super Fund investment managers

- Charter Hall Direct Property Management
- Cromwell Funds Management
- James Henderson Investors
- SmallCo Investment Manager
- State Street Global Advisors
- Tempo Asset Management
- Zurich Investments
- Dimensional Fund Advisors

Concentration of assets

As at 30 June 2017, the following underlying investments exceeded 5% of the total assets of the Fund:

- State Street Australia Services Limited (68.6%)
- Tempo Asset Management Pty Ltd (19.3%)
- Dimensional Fund Advisors (GROW) 95%

The Trustee acknowledges that, as a result of member discretion, individual accounts may have a greater than 5% exposure to a single investment.

Further, the Trustee acknowledges that when considered in aggregate (across all options in which the Trustee holds assets on behalf of members of the Fund), the Fund may be construed as having a total exposure to a single investment manager and this exposure may exceed five per cent of the total value of the Fund.

Other considerations

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



What's new

GROW was established in 2017 as a disruptive fund that fuses innovation and technology with the core values of access, transparency and wealth creation.

GROW's goal is to be more than just another superannuation fund that 'helps you accumulate and grow your Super savings tax effectively as you work towards retirement', or 'seeks to make employer administration as efficient as possible. GROW's goal is to break down the confusion that many Australians have towards their superannuation by empowering them with the information and education that will enable them to achieve their financial goals on a platform that is engaging and enjoyable to use.

What's new in superannuation



1 July 2017 brought some of the most significant changes to superannuation legislation in a decade. The following information is general information only and does not take into consideration your personal needs or objectives and is provided to assist you to understand how these changes pre and post 1 July 2017 may affect you and how to respond to the changes, by providing factsheets, online newsletters and making courtesy calls to members.

2017 highlights of the key changes include:



Introduction of a total superannuation balance from 1 July 2017

The 'total superannuation balance' is being introduced as part of a new test to determine an individual's non-concessional contributions cap and bring forward period. Your total will essentially be the total value of your accumulation and retirement phase interests including rollover amounts across all of your superannuation providers calculated as at 30 June of each financial year commencing 30 June 2017. It excludes any contributions made with the proceeds of a personal injury compensation payment.

Your total super balance is relevant when working out your eligibility for the:

- unused concessional contributions cap carry-forward
- non-concessional contributions cap and the two or three year bring-forward period
- government co-contribution
- tax offset for spouse contributions.

Your total super balance cap will be indexed annually. Where your super balance is greater than the general transfer balance cap of \$1,600,000, you may be in excess of the non-concessional contributions cap after 1 July 2017. Also refer to the Pre 30 June and 1 July super changes fact sheet which shows the calculation as well as case studies.



Changes to the concessional and non-concessional contribution caps

BEFORE 1 JULY 2017

FROM 1 JULY 2017

Less than 49¹ years old \$30,000



\$25,000²

49 or older¹ \$35,000



Improved personal superannuation contribution deductions up to the concessional contribution cap

From 1 July 2017, you can claim a tax deduction can for your personal voluntary contributions to a complying superannuation fund up to the concessional contribution cap. Certain eligibility rules apply. Further guidance can be found at www.ato.gov.au.



The non-concessional (after-tax) contribution caps decrease from 1 July 2017³

BEFORE 1 JULY 2017

FROM JULY 2017

Annual (1 year) \$180,000



\$100,000⁵

3 year bring forward⁴ \$540,000



\$300,000⁶



The bring-forward arrangement

If you are under 65 years, you may make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year by bringing forward your non-concessional contributions cap for a two or three-year period. If eligible, you automatically gain access to future-year caps, and this is known as the bring-forward arrangement.

Going forward into the 2017-18 financial year, to access the bring-forward arrangement:



you must be under age 65 years of age for at least one day during the triggering year (the first year)

¹ As at the last day of the financial year 30 June 2017.

² The new cap will be indexed in line with the average weekly ordinary time earnings (AWOTE).

³ The new cap will be indexed in line with AWOTE.

⁴ Only available if your total superannuation balance is less than \$1.6m.

⁵ Available if you are aged 65 or less.

⁶ This maximum amount will decrease if your total superannuation balance is over \$1.4m.



your total superannuation balance must be less than \$1.5 million as at 30 June 2017



the remaining cap amount for years two and three of a 'bring' forward' arrangement will be reduced to nil for a financial year if your total super balance is greater than or equal to the general transfer cap of \$1.6 million as at 30 June of the previous financial year.

How the bring-forward arrangement works

Total super balance at 30 June 2017	Max. non-concessional contributions cap for first year available	Bring-forward period
Less than \$1.4m	\$300,000	3 years
\$1.4m to less than \$1.5m	\$200,000	2 years
\$1.5m to less than \$1.6m	\$100,000	No bring-forward period, general concessional contribution cap applies
\$1.6m	Nil	N/A

A transitional period applies

If you have triggered the bring-forward cap by contributing a non-concessional contribution in excess of \$180,000 in either 2015-16 or 2016-17 but have not fully used your bring-forward amount before 1 July 2017, transitional arrangements will apply. This means that the maximum amount of bring-forward available to you will be reflected in the reduced annual contribution caps available to you.

The year the bring-forward period started	Maximum non-concessional bring-forward amount available in 2017-18
2015-16	\$460,000 (\$180,000 annual cap x 2 years, + \$100,000 x 1 year)
2016-17	\$380,000 (\$180,000 annual cap x 1 year, + \$100,000 x 2 years)
2017-18	\$300,000 (\$100,000 annual cap x 3 years)

How the transitional arrangements work

Where the non-concessional contribution bring-forward was triggered in 2015-16, the transitional cap will be \$460,000 (instead of \$540,000).



If the bring-forward was triggered in 2016-17, the transitional cap will be \$380,000.

Obtaining financial planning advice may assist you to consider your options.



Non-concessional contribution restrictions

Members with a total super balance of \$1,400,000 or more on 30 June 2017 will have restrictions on the amount that can be contributed to super. This includes:

- a reduced non-concessional contributions cap
- a shorter bring forward period
- the inability to make any contributions if your total super balance is over \$1,600,000.



Introduction of \$1.6 million transfer balance cap

The transfer balance cap introduces a new limit on the amount of your accumulated super benefits that you can transfer or hold in retirement phase to support an income stream over the course of your lifetime. From 1 July 2017, the transfer balance cap will start at \$1.6 million, and will be indexed in line with the consumer price index (CPI). However, the indexation will be based on the amount remaining of available cap space.

The transfer balance cap does not include transition to retirement (TRR) accounts, and there is no limit on the amount you can have in your accumulation super accounts.

The transfer balance cap works in a similar way to a bank account. Amounts transferred to the retirement phase give rise to a credit (an increase), and certain transfers out of the retirement phase give rise to a debit (a decrease) in your transfer balance account. You will be able to make multiple transfers into retirement phase accounts, as long as you have available cap space. After 1 July 2017, if your pension account(s) grow over time (through investment earnings to more than \$1.6 million), you will not exceed your cap. However, if your pension accounts go down over time, you cannot 'top up', if you have already used your cap.

Amounts in excess of the transfer balance cap need to be moved from the pension prior to 1 July 2017, however, the government has allowed transitional arrangements to minimise uncertainty up until 31 December 2017 between \$1.6 and \$1.7 million. Should the transfer balance cap still be exceeded, the excess has to be removed from the retirement phase pensions, and tax be paid on notional earnings on the excess amount.

There are different tax rules for those who have certain defined benefit or Term allocated income pensions, where you cannot transfer or remove excess amounts from the pension. Further information and guidance can be found at ato.gov.au, and/or consult a financial adviser regarding your situation.

What counts towards your transfer balance cap?

- The combined value of all superannuation pension accounts held in retirement phase
- The value of other pensions or annuities must also be counted towards your cap, for example:
 - a superannuation pension you start to receive from a deceased spouse's superannuation account
 - a pension income you receive from a former spouse's superannuation pension as part of a family court settlement.



The new rules from 1 July 2017

If you retire and commence a new income stream from your superannuation after 1 July 2017, your transfer balance account begins on the day you transfer superannuation assets in and commence an income stream, remembering the transfer balance cap is \$1.6 million cap.

Where you already have an account based pension and are receiving an income stream, you will need to keep track of your transfer balance account to ensure you do not exceed the transfer balance cap.

Where you are under the cap, you may be able to transfer more in by for example, commencing a new pension.

Options to reduce the value of your pension accounts to \$1.6m include:

- commuting the excess amount including any notional earnings and transfer it back to your accumulation account
- withdrawing the excess amount including any notional earnings as a lump sum
- making additional pension payments to reduce your pension balance to below \$1.6m.

Although there is a limit on the amount of assets you can transfer into a tax free retirement phase (pension) account, this does not affect the amount you can have in the accumulation of taxable income phase of a super fund. Any amount can be held in super accumulation (taxable) phase, and/or be taken as lump sum payments.

Consider obtaining financial advice to assess your closeness to the total super balance and transfer balance cap, and to assist you to determine your ability to make further non-concessional contributions.



Change to the taxation arrangements for transition to retirement income streams

Transition to retirement income streams (TRIS) were available to assist individuals to gradually move into retirement by accessing a limited amount of super. Prior to July 2017, where a member has commenced a TRIS, the superannuation fund receives tax free earnings on the superannuation assets that support it.

From 1 July 2017, the government removed the tax exempt status of earnings from assets that support a TRIS. These earnings are taxed at 15 per cent, regardless of the date the TRIS commenced, the same as the members' super accumulation account.

Capital gains tax relief is available where assets need to be moved from a non-taxed to a taxed environment to meet this requirement. A TRIS is not being counted towards an individual's transfer balance cap for the retirement phase. (Also refer to the section 'introduction of \$1.6 million transfer balance cap'.)



Increase to spouse contribution tax offset threshold

A tax offset of up to \$540 may be available if you make a non-concessional contribution for your spouse.

From 1 July 2017, your spouse's eligible income threshold increased, allowing more members to claim this tax offset.

	Total income of your spouse	Tax offset available to you
Up to 30 June 2017	Up to \$10,800	\$540
	\$10,800 to \$13,800	Up to \$540
	Over \$13,800	Nil
From 1 July 2017	Up to \$37,000	\$540
	\$37,000 to \$40,000	Up to \$540
	Over \$40,000	Nil

Name change

The low income superannuation tax offset (LISTO) replaces low income superannuation contribution (LISC).

The current LISC will be replaced by LISTO. There are no changes to the eligibilities or the operation of the scheme. To be eligible, your adjusted taxable income must be less than \$37,000. The amount payable will be the lesser of 15 per cent of eligible contributions and \$500. If you are a low income earner and have contributions paid into your superannuation fund, you do not need to do anything, your LISTO will be paid into your superannuation fund when you lodge a tax return.



Co-contribution

Co-contribution thresholds have been increased. The full co-contribution rate now applies to incomes up to \$36,813 and the partial co-contribution to incomes up to \$51,813. The government co-contribution is made automatically as long as the member has lodged a tax return for the financial year in which the voluntary contribution is made.



Reduction of the income threshold for additional contribution tax (Division 293 Tax)

For many higher income earners, an additional 15 per cent tax applies to certain concessional (before-tax) contributions, if your assessable income exceeds the legislative threshold. This threshold has been reduced from the current \$300,000 to \$250,000 from 1 July 2017. Your assessable income includes your total earnings, including pre-tax super contributions (employer and salary-sacrifice contributions and any personal deductible contributions).



Great news - the temporary budget repair levy ceases

The two per cent temporary budget repair levy introduced in 2014 ceased to apply from 1 July 2017.

This means:

- if your taxable income is over \$180,000 your marginal tax rate decreased from 47 per cent to 45 per cent.
- if you do not quote your tax file number, the tax on your taxable component of the superannuation benefit decreased from 47 per cent to 45 per cent
- the excess non-concessional tax lowered from 47 per cent to 45 per cent
- other tax implications please refer to ato.gov.au.



Removal of death benefit anti-detriment payments

The anti-detriment payment represents the refund of the 15 per cent contribution tax paid by the deceased member on super contributions over their working lifetime, and may be paid to an eligible dependant with a lump sum death benefit payment. The anti-detriment provision has been abolished by the government from 1 July 2017. Anti-detriment payments are now only payable in respect of certain superannuation death benefit payments where the member died before 1 July 2017 and the payment is made by 30 June 2019.



Preservation age and age pension age

Preservation age is the Government specified age at which you can gain access to your superannuation benefit once you are permanently retired from employment. From 1 July 2017, the preservation age increased from 56 to 57 and affects members born between 1 July 1961 and 30 June 1962.

The qualifying age for the Government age pension will increase from 65 to 65.5 years from 1 July 2017. This means unless you meet other Government specified conditions of release, you need to be at least 57 years old to access your superannuation benefit. Unless you meet other qualifications, you also have to wait until 65.5 years to receive the age pension providing you are eligible.

Important information

Abridged financial information

Statement of financial position (at 30 June 2017)

LESF Super (Including sub plan Macmahon Employees Super)

	2017 \$'000	2016 \$'000
Opening net assets as at 1 July 2016	171,934	88,0500
Increase (decrease)	(3,620)	83,884
Closing net assets	168,314	171,934

Statement of Financial Position (at 30 June 2017)

GROW Super - a Sub Plan of LESF Super (Commencement Date 14 May 2017)

	2017 \$'000
Opening net assets as at 1 July 2016	0
Increase (decrease)	21,623
Closing net assets	21,623

Statement of Member Movements (at 30 June 2017)

LESF Super (Including sub plan Macmahon Employees Super)

	2017 \$'000	2016 \$'000
Opening movements at 1 July 2016	170,381	87,429
Increase (decrease)	(1,929)	82,952
Closing member movements	168,452	170,381

Statement of Member Movements (at 30 June 2017)

GROW Super - a Sub Plan of LESF Super (Commencement Date 14 May 2017)

	2017 \$'000
Opening movements at 1 July 2016	0
Increase (decrease)	21,615
Closing member movements	21,615

The audited Fund financial accounts and audit report will be available to members on the Funds website www.lesf.com.au from 31 January 2018 or can be made available upon request from Member Services on 1800 359 686.

Reserves

The Trustee operates an Operational Risk Financial Reserve (ORFR). 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. The Fund met its target amount during the financial year.

During the financial year, the Trustee has also operated an Expense Recovery/General Reserve to meet various liabilities of the Fund. This may include, but is not limited to: administration, operational, compliance and legal expenses. The Expense Recovery/General Reserve may be funded by a combination of Reduced Input Tax Credits (RITC's) claimed by the Fund, interest earned on the Expense Recovery Reserve/General Reserve, and allocating a small amount of fund earnings prior to unit prices being declared.

Total reserves of \$848,057 for the 2016/2017 financial year comprise the accumulated ORFR, transferred ORFR and the Expense Recovery/General Reserve.

The balance of LESF's reserves as at 30 June for the following reporting periods are shown in the table below.

The Fund's reserves are invested in Cash.

LESF Reserves			
Financial year	Expense Recovery/General Reserve	Investment Revenue Reserve	ORFR
2016/2017	\$361,680	Nil	486,377
2015/2016	\$334,997	Nil	\$478,982
2014/2015	Nil	\$114,000	\$173,262

Allocating net earnings to members' accounts

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

The Unit Pricing Process

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

Unclaimed money

Superannuation legislation requires the Trustee of the fund to transfer information and superannuation benefits to the Australian Taxation Office (ATO) when member benefits are classified as Unclaimed Super. There are two ATO reporting periods each year (by 31 October for the 30 June six month period, and by 30 April for the 31 December six month period).

Set out below is an outline of when money may be classified as unclaimed superannuation - more information is available from the ATO at ato.gov.au.

- Age 65 - your account has been inactive for two years or more, and we have not been able to make contact with you for five years.
- Deceased member - the trustee is unable (after reasonable endeavour) to locate a beneficiary to pay your benefit to.
- Temporary residents - temporary residents permanently leaving Australia have up to six months to claim their super and if not claimed the amount will be transferred to the ATO.
- Former temporary resident member and you have not claimed your benefit after six months from your visa expiry or cancellation date and you are not Australian or New Zealand citizen.
- Small and Lost member - when your balance is less than \$6,000 (small lost member account) and you are considered as:
 - uncontactable - two pieces of mail sent to you have been returned undelivered, no contributions or rollovers have been received within the last 12 months, and the fund is satisfied that it will never be possible to pay an amount to the member (insoluble lost member account)
 - inactive member (no rollovers or contributions received from you in the last five years), and there has been no positive act from you, such as contacting the fund, advising that you wish to stay with the fund.

To ensure your super member benefits are not transferred to the ATO, contact the Fund and advise of any change in your personal contact details by phoning 1800 359 686 or emailing lesf@diversa.com.au.

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

The ERF currently selected by the Trustee is:

Super Money Eligible Rollover Fund (SMERF)

Phone 1800 114 380
Write to PO Box 1282, Albury NSW 2640
Website www.smerf.com.au

If your superannuation benefits are transferred to SMERF, your personal information will be passed on to SMERF so they can establish and administer your account.

Once your benefit is transferred to the ERF you become a member of the ERF and cease to be a member of LESF Super. Any insurance cover applicable to you in the Fund will also cease.

The ERF has different investments and fees and costs to LESF Super. The ERF does not provide insurance cover. If you would like further information about the features of the ERF, contact the Super Money Eligible Rollover Fund for a copy of SMERF's product disclosure statement.

The Trustee is also the trustee of Super Money Eligible Rollover Fund and receives remuneration in this capacity.

Complaints

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

Phone 1800 359 686
Email LESF@diversa.com.au
Write to Complaints Officer
LESF Super
PO Box 1282
Albury NSW 2640

We aim to resolve all complex enquiries and complaints quickly and fairly. If you are not satisfied with the response from us, or we have not responded within 90 days of your enquiry or complaint, you may refer your complaint to the Superannuation Complaints Tribunal (SCT),

The Superannuation Complaints Tribunal (SCT) is an independent body established by the Commonwealth Government to review trustee decisions relating to members. Strict time limits apply for lodging certain complaints with the SCT, otherwise the SCT may not be able to deal with your complaint. To find out if the SCT can handle your complaint and determine the type of information you need to provide, SCT contact details are as follows:

Phone 1300 884 114
Email info@sct.gov.au
Write to Superannuation Complaints Tribunal
Locked Bag 3060
GPO Melbourne VIC 3001
Website www.sct.gov.au

Access to the SCT is free of charge.

You can also find out more about LESF's complaint Charter on our website www.lesf.com.au

Directory

Obtaining further information

Phone: 1800 359 686

Email: lesf@diversa.com.au

Website: lesf.com.au

Mail: PO Box 1282 Albury NSW 2640

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