



FUNDS SA

Funds SA **Annual Report** **2015-16**



**Government
of South Australia**

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Superannuation Funds Management
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trading as *Funds SA*

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About Funds SA

Statutory structure and functions

Funds SA was established in July 1995 under the *Superannuation Funds Management Corporation of South Australia Act 1995* (Funds SA Act). It became the successor organisation to the South Australian Superannuation Fund Investment Trust.

Funds SA's role as set down in the Funds SA Act is to invest and manage the funds of South Australia's public sector superannuation schemes and

approved authorities pursuant to strategies formulated by the Corporation.

The object of the Corporation is to achieve the highest return possible on investment of the funds while having proper regard for: the need to maintain the risks relating to investment at an acceptable level; the need for liquidity in the funds; and such other matters as are prescribed by regulation.

Funds under management

Funds SA manages the employee and employer contributions of the State's public sector superannuation funds, including:

- South Australian Superannuation Scheme
- Police Superannuation Scheme
- Southern State Superannuation (Triple S) Scheme
- Super SA Income Stream and Flexible Rollover Products
- Parliamentary Superannuation Scheme
- Judges' Pension Scheme
- Governors' Pension Scheme
- Super SA Select.

In addition, Funds SA manages the assets of administered schemes as determined under Schedule 3 of the *Superannuation Act 1988*, including:

- SA Metropolitan Fire Service Superannuation Scheme
- SA Ambulance Service Superannuation Scheme.

Funds SA also manages certain assets of 'prescribed public authorities' as defined under the Funds SA Act, including:

- Motor Accident Commission Fund
- South Australian Government Financing Authority – insurance investments
- Lifetime Support Authority
- The University of Adelaide Endowment Fund
- Health Services Charitable Gifts Board
- Adelaide Cemeteries Authority.

Funds SA manages funds on behalf of tax-exempt investors as well as investors subject to tax or able to take advantage of franking credit refunds. As at 30 June 2016, Funds SA had \$22 955.5 million in tax-exempt funds and \$3 991.3 million in taxable funds

The following table details Fund SA's funds under management as at 30 June 2016.

Table 1: Net market value of assets as at 30 June 2016

	\$m
Public sector superannuation funds administered by:	
Super SA (includes \$4 581.4m defined benefit, \$14 162.3m accumulation and \$3 185.4m retirement assets)	21 929.1
Police Superannuation Board	1 479.7
Administered schemes:	
SA Metropolitan Fire Service Superannuation Scheme	332.0
SA Ambulance Service Superannuation Scheme	229.5
Approved authorities:	
Motor Accident Commission	1 899.0
South Australian Government Financing Authority	539.2
Lifetime Support Authority	292.6
The University of Adelaide	156.1
Health Services Charitable Gifts Board	85.0
Adelaide Cemeteries Authority	4.6
Total	26 946.8

Chairman and CEO's Report

Investment performance

For the 2015-16 financial year, Funds SA's flagship Balanced and Growth (tax-exempt) funds recorded modest returns of 3.9% and 3.8%, respectively. Funds SA's investment portfolios particularly benefited from the positive returns achieved from unlisted assets (such as property, private equity and infrastructure) and nominal bonds during the year.

Over the past seven years, the Balanced and Growth (tax-exempt) funds produced annualised returns of 9.7% p.a. and 10.0% respectively.

Returns for Funds SA's multi-sector (tax-exempt) funds for the year ending 30 June 2016 are shown in the chart below.

The Balanced (tax-exempt) fund, which is the default fund for the majority of the State's

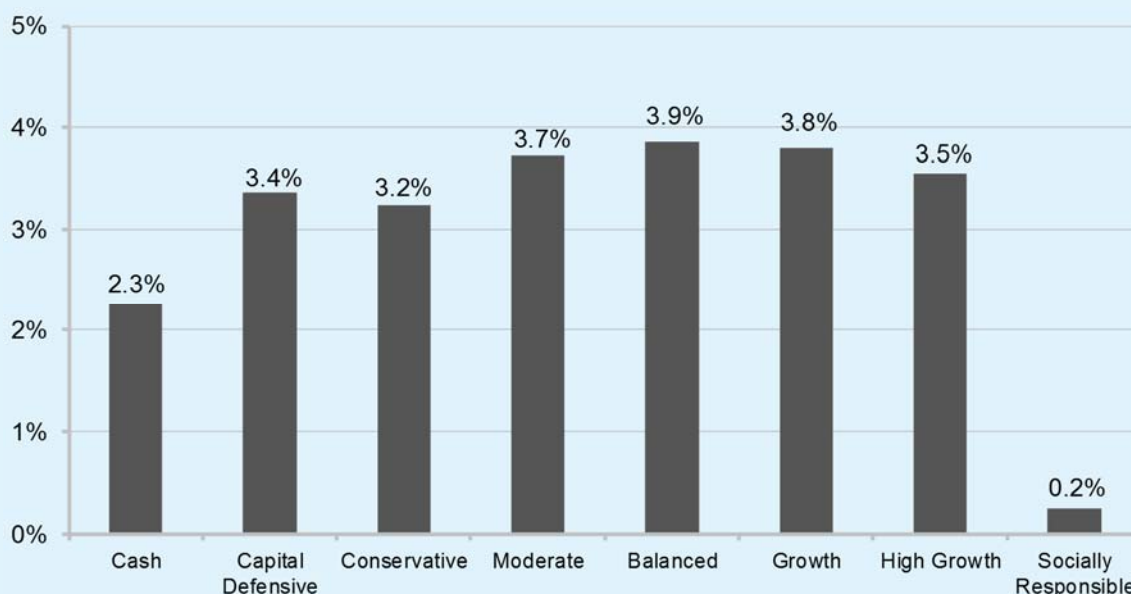
superannuation schemes, has recorded a return of 8.0% p.a. since inception on 30 June 1995. This is 5.4% ahead of the rate of inflation and well ahead of the return objective.

The State's defined benefit scheme accounts are invested in the Growth (tax-exempt) strategy, which since inception on 30 June 1995 has returned 7.9% p.a., 5.3% ahead of the rate of inflation and ahead of the Growth fund's objective.

Over this long term, the investment return on the State's various defined benefit scheme accounts has made a positive contribution to the management of the liabilities associated with these schemes thereby contributing to the achievement of the State's strategic objective, 'Our Prosperity'.

Chart 1: Funds SA tax-exempt fund investment returns for year ending 30 June 2016

Returns net of fees



Investment strategy and outlook

Against a backdrop of historically low interest rates, and combined with potentially growing economic and investment market downside risks, the likelihood now exists for an extended period of lower returns.

In view of this environment, from 1 January 2016, Funds SA made a marginal reduction (0.5%) in investment objectives for all investment options except Cash, Capital Defensive and Socially Responsible. In addition, for the Capital Defensive

fund, the risk of a negative return was changed from less than 0.5 years in 20 to between 0.5 and 1 year in 20.

Funds SA continues to work closely with its investors to discuss the implications of the low return environment for their particular investment strategies.

We are pleased to welcome the University of Adelaide Endowment Fund as a new investor during the year.

Funds SA Board

We thank Directors for their significant contribution to the strategic direction and oversight of Funds SA during the year.

The Board wishes to express its appreciation for the valuable contributions of Dr Helen Nugent, Chair of the Board and Mr Leigh Hall, Chair of the Audit and Risk Committee over the past 15 years. Helen and Leigh stepped down as members of the Funds SA Board at the end of their terms in December 2015 and March 2016 respectively.

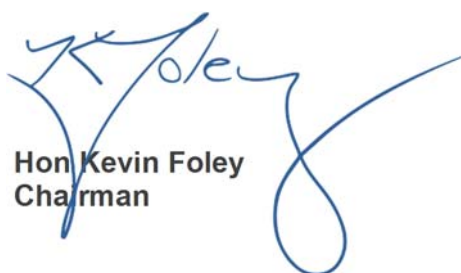
During the year Mr Kevin Crawshaw was re-elected by members of the South Australian Government superannuation schemes to the Funds SA Board for a three year term commencing on 2 October 2015.

Funds SA also welcomed three new members to the Board, Mr Robert Patterson in September 2015, Ms Jane Jeffreys in December 2015 and Mr Paul Laband in April 2016.

In December 2015, Hon Kevin Foley was appointed Chair of the Funds SA Board.

Funds SA Staff

We would like to acknowledge the ongoing effort and professionalism of Funds SA staff, who are fundamental to the success of the organisation as a global institutional investment manager.



Hon Kevin Foley
Chairman



Ms Jo Townsend
Chief Executive Officer

Investments

Multi-sector investment funds

Funds SA has developed a series of investment portfolios to invest the funds of the relevant superannuation schemes and approved authorities. There are currently 16 multi-sector funds distinguished by differing risk profiles, return objectives, investment time horizons and tax status. Eight funds are structured for tax-exempt investors and eight for taxable investors or those investors able to take advantage of franking credit refunds.

These multi-sector funds invest into common asset class pools according to the determined strategic asset allocation for each. The asset classes are discussed later in this section.

Both the tax-exempt and taxable funds have common names and investment objectives. As shown below, clear risk and return objectives¹ have been set for each fund. The objectives deliberately refer to investment time horizons over which it is expected a reasonable likelihood exists that the risk and return parameters will be achieved.

Note that from 1 January 2016, Funds SA made a marginal reduction (0.5%) in investment objectives for all investment options except Cash, Capital Defensive and Socially Responsible. In addition, for the Capital Defensive fund, the risk of a negative

return was changed from less than 0.5 years in 20 to between 0.5 and 1 year in 20.

Funds SA's Balanced and Growth tax-exempt funds account for the majority of funds under management. The Balanced fund is the default option for many of the superannuation accumulation schemes invested by Funds SA, while the Growth fund is the strategy adopted for defined benefit monies invested by Funds SA.

The Socially Responsible fund is available to members of the State's public sector superannuation schemes. The fund includes a diversified portfolio of investments across a range of asset classes, with an emphasis on growth investments such as shares and property. It is managed in accordance with generally recognised socially responsible investing and environmental, social and governance principles as determined by the product provider, AMP Capital.

All investors, with the exception of the Motor Accident Commission (MAC), invest in Funds SA's multi-sector funds. MAC invests in certain Funds SA single sector funds, in accordance with a strategic asset allocation determined by MAC and approved by the Treasurer of South Australia.

Table 2: Funds SA multi-sector fund objectives post 1 January 2016

Funds SA multi-sector funds	Investment horizon	Return objective	Risk of a negative return ¹	Growth asset ranges ²
Cash	0+ years	Maintain value of capital	Less than 0.5 years in 20	0%
Capital Defensive	2+ years	CPI + 1.5%	Between 0.5 and 1 year in 20	15% - 35%
Conservative	4+ years	CPI + 2.0%	Between 1 and 2 years in 20	25% - 45%
Moderate	6+ years	CPI + 3.0%	Between 2 and 3 years in 20	40% - 60%
Balanced	7+ years	CPI + 3.5%	Between 3 and 4 years in 20	55% - 75%
Growth	8+ years	CPI + 4.0%	Between 3 and 4 years in 20	65% - 85%
High Growth	10+ years	CPI + 4.5%	Between 4 and 6 years in 20	75% - 100%
Socially Responsible	The Socially Responsible fund provides investors with risk and return characteristics likely to be similar to those of a growth fund and accordingly annual returns will be volatile. The risk of a negative return is between 4 and 6 years in 20.			

1. The risk of a negative return is based on the Standard Risk Measure developed for the superannuation industry and allows investors to compare investment options that are expected to deliver a similar number of negative returns over any 20 year period.

2. 'Growth' assets include equities, certain types of property and growth alternatives. The remainder of the funds are invested in 'Defensive' assets, including fixed income, inflation linked bonds and cash.

¹ The investment objectives state what each fund aims to achieve and are designed to help investors with their investment decisions. The objectives have been developed having regard for the long term performance and characteristics of financial markets. There is no guarantee, however, that the objectives will be met. This is because financial markets are volatile and future returns may vary from returns earned in the past. Indeed, for funds with exposure to growth assets there is a material likelihood that returns may be negative in any particular year.

Returns were modestly positive across Funds SA's multi-sector funds

The 2015-16 financial year highlighted the benefits of diversification, as the strong performance of long term fixed interest and unlisted assets (such as property, private equity and infrastructure) contributed positively to returns, while the performance from shares was flat or detracted from returns. As a result, performance was fairly even across the multi-sector funds for the year.

The following tables show returns achieved for periods ending 30 June 2016.

Table 3: Funds SA's multi-sector (tax-exempt) funds, investment returns to 30 June 2016

Returns net of fees and gross of tax

	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash	2.3	2.6	3.2	3.6	4.3
Capital Defensive	3.4	5.6	6.3	7.1	5.8
Conservative	3.2	6.8	7.4	8.2	5.7
Moderate	3.7	7.9	8.1	8.9	5.7
Balanced	3.9	8.9	8.9	9.7	5.6
Growth	3.8	9.5	9.3	10.0	5.5
High Growth	3.5	10.1	9.7	10.5	5.4
Socially Responsible*	0.2	7.8	8.2	8.4	n.a.

* Data not available for certain time periods as the fund does not have the relevant history.

Table 4: Funds SA's multi-sector (taxable) funds, investment returns to 30 June 2016

Returns net of fees and gross of tax

	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash	2.3	2.6	3.2	3.6	4.3
Capital Defensive	3.3	5.2	5.9	6.8	5.5
Conservative	3.2	6.3	6.9	7.9	5.4
Moderate	3.6	7.5	7.5	8.5	5.3
Balanced	3.6	8.4	8.3	9.2	5.2
Growth	3.7	9.0	8.6	9.5	5.1
High Growth	3.3	9.7	9.2	10.1	5.1
Socially Responsible*	0.2	7.8	8.2	8.4	n.a.

* Data not available for certain time periods as the fund does not have the relevant history.

Financial markets delivered more subdued returns this year, amid a period of higher volatility

Key themes in financial markets for the year were as follows:

- Global equity market performance was mixed for the year. The US and Australian markets produced modest positive returns, while other developed markets and emerging markets finished the year lower.
- Commodity markets rebounded strongly from mid-February lows, but remained an underperformer over the year, with energy and other economically-sensitive commodities being the hardest hit.
- Most non-government debt markets delivered positive returns, with those perceived to be lower risk and those less exposed to commodity markets, performing the best.
- Government bonds delivered strong returns, with bond yields falling in all major markets. Nominal bonds outperformed inflation-linked bonds, as falling inflation expectations weighed on the latter.
- Australian property delivered strong returns, amid sustained investor demand for both listed and unlisted property investments.
- Most currencies fell against the US dollar, with currencies of energy-producing countries falling the most. The Australian dollar fell marginally against the US dollar but broadly kept pace with the Euro, British pound and Japanese yen.

The majority of the funds recorded returns above their investment objectives

Since inception of the Balanced (tax-exempt) fund on 30 June 1995, the fund has delivered a return of 8.0% p.a. to the end of June 2016, approximately 5.4% ahead of the rate of inflation.

The following chart shows the annual returns of the Balanced (tax-exempt) fund since inception. Annual

returns to the end of June have ranged from a high of 20.7% to a low of -15.3% over the period.

Over this same 20 year period, the Growth (tax-exempt) fund has delivered a return of 7.9% p.a., 5.3% ahead of the rate of inflation.

Chart 2: Funds SA Balanced (tax-exempt) fund annual returns to 30 June 2016

Returns net of fees and gross of tax



Benchmark relative performance was challenging over the past year, but generally remains ahead or in line over the long term

For the year ending 30 June 2016, performance was generally below benchmark across Funds SA's multi-sector funds reflecting a challenging period for active management.

The Balanced (tax-exempt) fund returned 3.9% for the year ending 30 June 2016, below the

benchmark return of 4.9%. Similarly, the Growth (tax-exempt) fund returned 3.8% for the year, below its benchmark return of 4.6%.

The Balanced and Growth funds have outperformed their benchmarks over the long term.

Performance was ahead of industry benchmarks for the year and in line over the long term

Performance against the Australian superannuation funds market is monitored to provide a broad measure of the reasonableness of Funds SA's strategies. This acknowledges that the strategies for different funds vary depending on the objectives for each and the requirements of the underlying membership.

Funds SA's performance was ahead of industry benchmarks for the year and remains in line over the long term. For the year ending 30 June 2016,

the Balanced and Growth (tax-exempt) funds, adjusted for tax comparability, both returned 3.5% against the Growth median as surveyed by Chant West which returned 3.0%.

For the ten year period ending 30 June 2016, Funds SA's Balanced and Growth (tax-exempt) funds, adjusted for tax comparability², both returned 5.2% p.a. against the Chant West Growth median³ which returned 5.4% p.a. over the period.

Asset allocation

The strategic asset allocations of the multi-sector funds as at 30 June 2016 are shown in the following tables.

Table 5: Funds SA tax-exempt fund strategic asset allocations as at 30 June 2016

	Cash	Capital Defensive	Conservative	Moderate	Balanced	Growth	High Growth
Cash	100	15	10	8	2	2	2
Short Term Fixed Interest		30	18	7	3	0	0
Long Term Fixed Interest		5	5	9	8	4	0
Inflation Linked Securities A		15	16	12	9	6	0
Diversified Strategies Income		17	18	17	16	16	12
Property A		6	9	10	12	14	16
Australian Equities A		6	12	16	21	24	30
International Equities A		6	12	16	21	24	30
Diversified Strategies Growth A		0	0	5	8	10	10
Total	100	100	100	100	100	100	100

Note: 'A' portfolios are suitable for tax-exempt investors.

² Direct comparisons with other funds are difficult because Funds SA's returns are untaxed whereas superannuation returns are generally reported after the application of the 15% superannuation earnings tax. In order to achieve some degree of comparability, Funds SA's tax-exempt returns can be adjusted for tax by applying an estimated 'notional tax rate' on investment earnings.

It should be emphasised that because investors in the Funds SA tax-exempt funds are constitutionally exempt from tax, investment strategies are designed to maximise pre-tax returns. If the aim were to maximise after tax returns, it is likely that the strategies followed would be somewhat different.

³ Source: Chant West Pty Limited (www.chantwest.com.au). Multi-Manager Quarterly Survey June 2016. For important information about the data provided by Chant West, refer page 32.

Table 6: Funds SA taxable fund strategic asset allocations as at 30 June 2016

	Capital						High
	Cash	Defensive	Conservative	Moderate	Balanced	Growth	Growth
Cash	100	15	10	8	2	2	2
Short Term Fixed Interest		30	18	7	3	0	0
Long Term Fixed Interest		5	5	9	8	4	0
Inflation Linked Securities B		15	16	12	9	6	0
Diversified Strategies Income		17	18	17	16	16	12
Property B		6	9	10	12	14	16
Australian Equities B		7	13	17	23	26	33
International Equities B		5	11	15	19	22	27
Diversified Strategies Growth B		0	0	5	8	10	10
Total	100	100	100	100	100	100	100

Note: 'B' portfolios are suitable for investor subject to tax or those investors able to take advantage of franking credit refunds

From 1 January 2016, small changes to the strategic asset allocations for the Capital Defensive, Conservative, Moderate, Balanced and Growth multi-sector funds came into effect. The changes involved reducing the allocation to Short Term Fixed Interest and Inflation Linked Securities and slightly increasing the allocations to Diversified Strategies Income and equities.

As at 30 June 2016 the asset mix for each of

the multi-sector funds was within the asset class ranges defined for the portfolios.

Funds SA held its annual investment strategy review in early 2016. The review considered the current financial market environment, where an extended period of lower returns is expected, and the implications for achieving the multi-sector funds' investment objectives. Consideration of these issues will continue in the 2016-17 financial year.

Fees are broadly in line with industry benchmarks

A prime management objective for Funds SA is to achieve the funds' investment objectives over the long term net of all fees and costs.

For the 2015-16 financial year, Funds SA's Balanced and Growth (tax-exempt) funds had indirect cost ratios of 0.62% and 0.70% respectively. These were broadly in line with the relevant industry benchmarks, acknowledging that Funds SA's portfolios have meaningful allocations to alternatives and highly sophisticated strategies,

such as absolute return strategies, private equity and infrastructure, which tend to attract higher fees.

The Chant West⁴ Growth fund average was 0.69% which includes funds with between 61% and 80% growth assets.

Maintaining a value for money investment service remains a focus of attention for the Funds SA Board, Management and staff.

Funds SA asset classes

Funds SA operates single sector funds covering a diversified range of asset classes. These are the building blocks for the multi-sector funds.

The single sector funds cover cash, fixed interest, property, equities and alternative asset classes. Each fund has a defined sector strategy

implemented via the engagement of a suite of external investment managers. Descriptions of the asset class portfolios and their underlying investments are provided below.

⁴ Source: Chant West Pty Limited (www.chantwest.com.au). Super Fund Fee Survey June 2016. For important information about the data provided by Chant West, refer page 32.

Table 7: Funds SA asset classes

Asset class	Net Market Value* as at 30 June 2016 \$m	Investments
Cash	1280.6	Exposure to Australian short term interest rate sensitive debt instruments, such as bank bills, which provide a high level of liquidity with minimal risk of capital loss.
Fixed Interest	2482.8	<p><i>Short Term Fixed Interest:</i> Exposure to Australian debt instruments providing principal repayment at maturity and coupon payments at regular intervals until maturity.</p> <p><i>Long Term Fixed Interest:</i> Exposure to Australian and global debt instruments providing principal repayment at maturity and coupon payments at regular intervals until maturity. International assets are hedged to the Australian dollar.</p> <p><i>Fixed Interest (MAC):</i> Funds SA manages a liability matched fixed interest portfolio for the Motor Accident Commission.</p>
Inflation Linked Securities	1914.1	Exposure to Australian and global debt securities providing a fixed rate of return in excess of an index related to the general level of prices in the economy, such as the Consumer Price Index or Average Weekly Earnings. International assets are hedged to the Australian dollar.
Diversified Strategies Income	4658.2	<p>Investment opportunities with expected returns between that of bonds and equities, not readily classifiable within the other asset classes. Includes investments in investment grade credit, emerging market debt, high yield securities and absolute return strategies. International assets are hedged to the Australian dollar.</p> <p>Funds SA also manages a modified strategy for the Motor Accident Commission which focuses on investment grade securities.</p>
Property	3150.1	Exposure to Australian listed and unlisted property.
Australian Equities	5543.0	Equity exposure to companies listed on the Australian Securities Exchange.
International Equities	5451.0	Equity exposure to companies listed on international stock exchanges. Includes dedicated exposures to emerging markets and small companies. 50% of the developed markets component is hedged to the Australian dollar.
Diversified Strategies Growth	2177.0	Investment opportunities with expected returns in excess of the long term expectation for listed equities, not classifiable within the other asset classes. Includes investments in private equity, infrastructure, opportunistic property and other opportunities. International assets are hedged to the Australian dollar.
Alternatives	184.3	Funds SA manages two alternative investment portfolios for the Motor Accident Commission, consisting of an absolute return type strategy and infrastructure.

* Portfolio values include the combined values of the A (tax-exempt) and B (taxable) portfolios.

To implement the investment strategies for tax-exempt and taxable investors, separate pools of assets have been set up for certain asset classes: Property; Australian Equities; International Equities; Diversified Strategies Growth and Inflation Linked Securities.

Tax-exempt funds invest in the 'A' portfolios whilst taxable funds invest in the 'B' portfolios. The other asset classes are common to both tax-exempt and taxable investors. The 'A' and 'B' portfolios have been structured to provide similar investment outcomes with respect to expected risk and return.

The Funds SA Socially Responsible fund invests in AMP Capital's Responsible Investment Leaders Balanced Fund, it does not invest in Funds SA's asset classes.

Asset class performance was mixed for the financial year, with unlisted assets and long term bonds being the strongest performers while equities underperformed

The table overleaf shows Funds SA's asset class returns for periods ending 30 June 2016, compared to benchmark returns.

In an absolute return sense, Property, Diversified Strategies Growth and Long Term Fixed Interest were the strongest performing asset classes for the year ending 30 June 2016.

Performance relative to benchmark was mixed amongst the asset classes for the year, as shown in the table. The Diversified Strategies Growth and Property asset classes outperformed their benchmarks, while the remaining asset classes were flat to negative.

Table 8: Funds SA asset class returns for periods ending 30 June 2016

Portfolio returns net of fees and gross of tax

	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Cash					
Portfolio return	2.3	2.6	3.2	3.6	4.3
Benchmark return	2.2	2.5	3.1	3.5	4.3
Short Term Fixed Interest*					
Portfolio return	3.6	3.7	4.7	n.a.	n.a.
Benchmark return	3.5	3.8	4.7	n.a.	n.a.
Long Term Fixed Interest					
Portfolio return	9.5	7.9	8.6	9.1	7.7
Benchmark return	11.8	8.9	8.6	8.4	7.9
Inflation Linked Securities A					
Portfolio return	1.5	5.1	6.3	7.2	6.0
Benchmark return	3.1	5.3	6.4	7.1	5.5
Diversified Strategies Income					
Portfolio return	4.0	6.1	7.1	8.8	8.2
Benchmark return	6.8	6.6	7.5	8.5	8.4
Property A					
Portfolio return	15.1	11.7	11.2	10.4	2.6
Benchmark return	14.6	11.8	11.0	10.2	2.3
Australian Equities A					
Portfolio return	0.3	7.5	6.7	8.3	4.5
Benchmark return	0.9	7.7	7.2	8.7	4.8
International Equities A					
Portfolio return	-2.1	12.1	12.6	12.8	5.9
Benchmark return	-1.8	11.8	11.7	11.9	5.5
Diversified Strategies Growth A					
Portfolio return	11.6	13.4	11.7	14.3	9.3
Benchmark return	6.3	6.6	7.2	7.5	8.4
Inflation Linked Securities B					
Portfolio return	1.5	4.5	5.6	6.5	5.4
Benchmark return	2.7	4.8	6.0	6.8	5.3
Property B					
Portfolio return	15.0	11.1	10.6	11.0	2.6
Benchmark return	14.6	11.8	11.0	10.2	2.5
Australian Equities B					
Portfolio return	0.6	7.6	6.5	8.0	3.9
Benchmark return	0.9	7.7	7.2	8.7	4.8
International Equities B					
Portfolio return	-2.0	12.1	12.5	12.8	6.1
Benchmark return	-1.8	12.0	11.8	12.0	5.5
Diversified Strategies Growth B					
Portfolio return	11.7	13.7	11.3	13.3	8.4
Benchmark return	6.3	6.6	7.2	7.5	8.4
Fixed Interest (MAC)*					
Portfolio return	4.7	4.8	5.6	5.7	n.a.
Benchmark return	4.9	4.9	5.7	5.7	n.a.
Diversified Strategies Income (MAC)*					
Portfolio return	5.5	6.1	n.a.	n.a.	n.a.
Benchmark return	6.1	6.5	n.a.	n.a.	n.a.
Infrastructure (MAC)*					
Portfolio return	14.5	12.5	n.a.	n.a.	n.a.
Benchmark return	5.3	5.6	n.a.	n.a.	n.a.
Absolute Return (MAC)*					
Portfolio return	-8.7	3.0	n.a.	n.a.	n.a.
Benchmark return	5.3	5.9	n.a.	n.a.	n.a.

Note: 'A' portfolios are suitable for tax-exempt investors. 'B' portfolios are suitable for investors subject to tax or those investors able to take advantage of franking credit refunds.

* Data not available for certain time periods as portfolios do not have the relevant history.

Investment managers

Funds SA employs a ‘manager of managers’ approach, meaning professional investment managers are engaged to manage portfolios in each asset class.

Listed in Table 9 are the investment managers engaged within each of the asset classes as at 30 June 2016.

Table 9: Appointed investment managers as at 30 June 2016

Asset class	Investment managers
Cash	Macquarie Investment Management Limited
Short Term Fixed Interest	Aberdeen Asset Management Limited
Long Term Fixed Interest	BlackRock Investment Management (Australia) Limited Brandywine Global Investment Management LLC Colchester Global Investors Limited
Inflation Linked Securities	Aberdeen Asset Management Limited Ardea Investment Management Pty Ltd Colchester Global Investors Limited Colonial First State Global Asset Management Funds SA (internally managed portfolio)
Diversified Strategies Income	Ares Management LLC BlueBay Asset Management Brandywine Global Investment Management LLC Bridgewater Associates LP Columbia Threadneedle Investments GMO Australia Limited LGT Capital Partners Ltd Macquarie Investment Management Limited Oak Hill Advisors LP Wellington Management Company LLP
Property	AMP Capital Investors Limited CorVal Partners Ltd Dexus Wholesale Property Limited GPT Funds Management Limited Investa Wholesale Funds Management Ltd Lend Lease Real Estate Investments Limited Vanguard Investments Australia Ltd Vicinity Funds Management Pty Ltd
Australian Equities	Balanced Equity Management Pty Limited Greencape Capital Pty Ltd Investors Mutual Limited Karara Capital Pty Limited Northcape Capital Pty Ltd Vinva Investment Management Limited
International Equities	AQR Capital Management LLC DFA Australia Limited Fidelity Investment Management (Australia) Limited Genesis Investment Management LLP Harding Loevner LP Invesco Australia Limited Lord Abbett & Co LLC LSV Asset Management MFS Investment Management Mondrian Investment Partners Limited Wellington Management Company LLP

Table 9: Appointed investment managers as at 30 June 2016 (continued)

Asset class	Investment managers
Diversified Strategies Growth	<p>Adams Street Partners LLC Advent Private Capital Pty Ltd Archer Capital Pty Ltd Ardian Bain Capital LLC Baring Private Equity Asia Group Bayview Asset Management LLC BlackRock Global Real Estate The Blackstone Group Bridgewater Associates LP The Carlyle Group Castle Harlan Australian Mezzanine Partners Pty Limited CBRE Global Investors Cerberus Capital Management LP CHAMP Ventures Pty Limited Coller Capital Ltd Crescent Capital Partners Ltd Drum Capital Management LLC Dune Real Estate Partners LP EIG Global Energy Partners EQT Funds Management Ltd Europa Capital LLP Forum Partners Investment Management LLC Global Infrastructure Partners LP Goldman Sachs Asset Management LP Hastings Funds Management Limited HealthCare Royalty Partners Infrared Capital Partners Limited Lexington Partners LP LGT Capital Partners Ltd Next Capital Pty Limited Ocean Avenue Capital Partners LP Pacific Alliance Investment Management Limited Pacific Equity Partners Pty Limited Palisade Investment Partners Limited Pantheon Ventures LLP Partners Group AG Paul Capital Partners LLC Quadrant Private Equity Pty Limited Rialto Capital Management LLC ROC Capital Pty Limited Rockspring Property Investment Managers Ltd Russell Investment Management Company Secured Capital Japan Co Ltd Siguler Guff & Company LP Starwood Capital Group SUN-AREA Property Partners The Growth Fund Pty Ltd True North Management Group Warburg Pincus LLC Wilshire Associates Inc</p>

Table 9: Appointed investment managers as at 30 June 2016 (continued)

Asset class	Investment managers
Fixed Interest (MAC)	Colonial First State Global Asset Management
Diversified Strategies Income (MAC)	Loomis Sayles and Company LP Macquarie Investment Management Limited Brandywine Global Investment Management LLC Ardea Investment Management Pty Ltd
Infrastructure (MAC)	Hastings Funds Management Limited Funds SA (internally managed asset)
Absolute Return (MAC)	Bridgewater Associates LP
Socially Responsible	AMP Capital Investors Limited
Currency Management	State Street Bank and Trust Company

Portfolio changes

Funds SA's continual monitoring and annual sector reviews re-evaluate the appropriateness of investment strategies and investment managers on

a frequent basis. The following changes were made to the asset classes during the 2015-16 financial year.

Table 10: Portfolio changes during 2015-16 financial year

Asset class	Changes
Diversified Strategies Income	<ul style="list-style-type: none"> The strategic allocation to Absolute Return strategies was increased from 30% to 40%, while the Diversified Debt component (and in particular corporate credit) was reduced from 70% to 60%. GMO Australia Limited was appointed to manage an absolute return strategy that seeks to deliver consistent, long-term total returns that have low correlation to major asset classes throughout a full investment cycle.
Property A and B	<ul style="list-style-type: none"> A restructure of the unlisted components of the Property portfolios was conducted in order to create better alignment in the underlying fund holdings of the A and B portfolios. As a result of the restructure, the Property B portfolio gained exposure to several property funds, increasing the diversification of the portfolio.
Australian Equities A and B	<ul style="list-style-type: none"> A new strategy and structure for the Australian Equities asset class was implemented, with the key change including a move away from index management in favour of active exposure in both broad markets and specialist small caps. As a consequence, the index mandate with BlackRock was terminated, with Northcape Capital being appointed to manage an active broad markets 'core' portfolio, while Investors Mutual was appointed to manage a specialist small caps strategy.
Diversified Strategies Growth A and B	<ul style="list-style-type: none"> Additional commitments were made to existing managers in the international private equity sub-sector. A commitment was made to a fund within the real estate private equity sub-sector, managed by Cerberus Capital Management.

Environmental, social and governance factors

In evaluating investment opportunities, Funds SA's appointed investment managers consider the many risks inherent in each investment. In most cases this includes environmental, social and governance (ESG) factors, where relevant, as managers acknowledge that such issues have the potential to impact on performance.

In the socially responsible option, underlying investment managers actively incorporate the consideration of ESG factors in their investment decisions and also avoid companies operating in areas of high negative social impact. The fund invests in line with the socially responsible investment criteria established by the product provider.

The investment managers are active and diligent representatives of Funds SA's stakeholders' interests as shareholders in companies in the portfolio. Funds SA's investment managers generally adopt a positive engagement approach, working directly with the management of companies in which Funds SA invests in order to achieve any change necessary to improve the financial performance and risk management of the company.

All managers are active in exercising their right to vote at general meetings of companies in which Funds SA is invested. The managers' guiding principle is to vote in the best financial interest of stakeholders on the numerous issues raised at general meetings of companies.

Where possible, investments in tobacco companies have been excluded from the portfolios. In doing so, Funds SA acknowledges the Government's public health objectives, general community attitudes to smoking and the composition of the membership of the State's superannuation schemes which contain a large number of health professionals.

Funds SA's Statement on ESG Issues is available on the Funds SA website and provides further details on Funds SA's approach.

Governance

Statutory structure and functions

Funds SA was established in July 1995 under the *Superannuation Funds Management Corporation of South Australia Act 1995* (Funds SA Act). It became the successor organisation to the South Australian Superannuation Fund Investment Trust (SASFIT). Funds SA's role is to invest and manage the funds of South Australia's public sector superannuation schemes and approved authorities.

Funds SA's role in respect of these monies is defined in sections 5, 5A and 7, respectively, of the Funds SA Act.

Direction of the Minister

In the performance of its functions, the Corporation is subject to the direction and control of the Minister. The appointed Minister is the Minister for Finance (Minister). A Ministerial direction must be: communicated to the Corporation in writing; included in the annual report of the Corporation; published in the Government Gazette within seven days after the direction is given; and must not include a direction to the Corporation in relation to an investment decision, dealing with property or the exercise of a voting right.

There were no directions received from the Minister in the financial year to 30 June 2016.

Minister's authorisations

The Regulations under the Funds SA Act provide for restrictions on the investment of the funds. Regulation 16 states that the Corporation must not invest the funds under management in a range of specific investment categories unless authorised by the Minister.

There were no new authorisations from the Minister in the financial year to 30 June 2016.

Corporate Governance Policy

Funds SA's Corporate Governance Policy, based on the Corporate Governance Principles and Recommendations (3rd edition) issued by the Australian Securities Exchange, provides a framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in Funds SA. The policy was reviewed during the year and is available via the Funds SA website: www.funds.sa.gov.au.

Investment Policy Statement

Funds SA's Investment Policy Statement details the investment strategy, the objectives of each investment fund and provides parameters in which the strategy is to be implemented. It is reviewed and endorsed by the Funds SA Board on a regular basis and is implemented by Management.

Funds SA Board

The Funds SA Board is directly responsible for the management of the Corporation. The Funds SA Act states that the Board of Directors is established as the governing body of the Corporation and that the Chief Executive Officer (CEO) is responsible to the Board for the day-to-day management of the Corporation.

The Board's responsibilities, including the Chairman's critical role of managing the relationship between the Board and the CEO, include:

- Providing strong leadership
- Nominating a person to the Governor to be the CEO of the Corporation
- Conducting an annual performance and remuneration evaluation of the CEO and overseeing the same process for senior management (not covered by the Enterprise Agreement)
- Approving the Corporation's investment strategy and overseeing its implementation, compliance, and performance
- Ensuring that the views of key stakeholders are obtained and considered in relevant Board decision-making
- Approving the annual revenue and expenditure budget for the Corporation
- Overseeing the Corporation's operations, its statutory and corporate reporting, and its controls and accountability systems
- Ensuring that the Corporation meets its legislative and service level agreement obligations
- Approving the Corporation's approach to risk management and monitoring its risk appetite
- Agreeing to the organisational framework within which employees work, including to ensure workforce diversity.

Board membership

The Board consists of at least five, but not more than seven directors. One director is elected by contributors; that is, by members of the Southern State Superannuation Scheme and by contributors within the meaning of the *Superannuation Act 1988* or the *Police Superannuation Act 1990*. One Director is appointed by the Governor of South Australia on the nomination of the South Australian Government Superannuation Federation. The other potential five directors of the Board are appointed by the Governor of South Australia on the nomination of the Minister. Directors are appointed for a term not exceeding three years and are eligible for re-appointment at the end of their term.

If the Board consists of five directors, a quorum of the Board consists of three directors. If the Board consists of six or seven directors, a quorum of the Board consists of four directors. The presiding director of the Board is appointed by the Minister.

The experience, qualifications and skills required of directors are specified in the Funds SA Act.

As at 30 June 2015, the Board comprised seven directors. The following Board appointments were made during the year: Mr Kevin Crawshaw was re-appointed (elected) effective from 2 October 2015; Mr Rob Patterson was appointed on 24 September 2015; Ms Jane Jeffreys was appointed on 10 December 2015 and Mr Paul Laband was appointed on 21 April 2016. Each appointment was for a three year period. In addition, Mr James Baulderstone resigned from the Board effective 30 July 2015, Dr Helen Nugent stepped down effective 8 December 2015, including as Chairman, and Mr Leigh Hall stepped down effective 4 March 2016. Hon Kevin Foley was appointed Chairman of the Board effective 9 December 2015.

Board responsibility

Directors and employees are expected to uphold the Corporation's values, are required to abide by the Corporation's corporate governance systems, are directly accountable and responsible for their actions and are supported by internal controls in key risk and result areas. In line with this approach, the Board has made an appropriate delegation of decision making, whilst ensuring that appropriate controls and risk management disciplines are in place for the Board to discharge its fiduciary responsibilities.

Directors are expected to act honestly in all dealings; avoid and proactively manage conflicts of interest, unauthorised transactions and interests; exercise care and diligence in all activities; and ensure a sound and thorough process underpins all decision-making, in accordance with the duties and responsibilities bestowed upon them by the Funds SA Act and other relevant legislation.

Matters considered by the Board

The Funds SA Board guides its activities and meeting agendas in accordance with a carefully planned program with the aim of ensuring that all key areas of strategic and operational risk management are considered and reviewed by the Board at least annually.

The Board's deliberations are informed by specific decision and information papers presented to board meetings by the CEO and other parties, which cover investment, governance and other specific operational issues. The CEO also presents reports to each board meeting that provide detailed information on progress with key issues, portfolio investment performance, operational issues and other significant developments since the previous meeting of the Board.

During the past year, the Board reviewed and made decisions with respect to a broad range of issues,

including reviews of the multi-sector funds and asset classes. Issues considered that were specifically of a governance nature included reviews of policies relating to Corporate Governance, Risk Management, and Fraud and Corruption Control. Also considered were reviews of the Instrument of Delegation and Audit and Risk Committee Charter. The Board also participated in an evaluation, carried out by the Chairman, of its collective effectiveness as well the contribution of each individual Director.

Consistent with long-standing practice, on at least a quarterly basis, the Chairman formally asks Directors and Management if they are aware of any issues concerning the failure or possible failure of the Corporation to comply with its statutory and financial reporting functions.

Conflict of interest

Directors are expected to, among other things, avoid and proactively manage conflicts of interest, including full disclosure to the Board and the Minister. In this regard, the Corporation informed the Minister for Finance of the following conflict of interest declared at a Funds SA Board meeting:

- At the Funds SA Board meeting of 10 August 2015, Hon Kevin Foley's conflict of interest was noted in relation to a matter for discussion due to his previously declared directorship of the Motor Accident Commission. Mr Foley did not receive the related board paper and absented himself from the meeting while the matter was discussed.

Code of Ethics

Funds SA is captured by the Code of Ethics for the South Australian Public Sector. It sets out the foundations of public service, the public sector values and, in particular, outlines the standards of conduct for public sector employees regarding:

- Professional and courteous behaviour
- Public comment
- Handling official information
- Use of government / public resources
- Conflicts of interest

- Outside employment
- Acceptance of gifts and benefits
- Criminal offences
- Reporting unethical behaviour.

In addition, many of Funds SA's employees are members of professional bodies which also have stringent codes of ethics / conduct by which members must abide in order to maintain their membership.

Performance evaluations

During the year, each Funds SA Director participated in a confidential survey covering the operations and performance of the Board and its sub-committees.

The following performance criteria are taken into account when evaluating performance.

Each Director:

- Has a clear and shared view of their role
- Has an appropriate level of involvement in key strategic decisions
- Ensures processes are in place to monitor performance, control of risk, compliance, succession, levels of delegation, remuneration and financial performance

- Is able to critically evaluate the diversity of information emanating from the Corporation and keep apprised of key issues within the industry in which Funds SA operates
- Monitors and assesses the performance of Management in meeting strategic and operational objectives and budgets
- Maintains and develops constructive relationships between Directors, Management and staff
- Maintains with other Directors cohesive support of board decisions.

The Board discussed the results and the Chairman met individually with each Director.

Audit and Risk Committee

The Funds SA Act requires that the Corporation must establish an audit committee. This Committee is required to comprise members of the Board and such other persons as the Funds SA Board may from time to time appoint.

The Audit and Risk Committee is an independent sub-committee of the Board comprising four independent non-executive Directors. The Committee is chaired by Ms Kathryn Presser (appointed by the Board by Circulated Resolution on 6 May 2016, following Mr Leigh Hall stepping down as Director). The other members of the Committee are Mr Kevin Crawshaw, Hon Kevin Foley, and Mr Paul Laband. The Committee operates under a clearly defined and documented Charter established by the Board.

The Charter states that the Committee has three specific responsibilities:

- Review the quality of external financial reporting
- Review the adequacy and effectiveness of internal controls

- Assist in maintaining an effective and efficient external audit.

The Corporation's CEO, Manager Governance, Risk and Compliance, Chief Operating Officer (COO), the internal and external auditors and all Funds SA Directors, are invited to attend Audit and Risk Committee meetings.

During the past year, the Audit and Risk Committee considered a range of issues. Issues considered that were specifically of a governance nature included a review of policies relating to Risk Management, and Fraud and Corruption Control. Also reviewed were the 2016 financial statements and valuations, implementation of the Compliance Program, Audit and Risk Committee Charter, Instrument of Delegation and the relevant internal and external audit plans.

The Committee submitted an annual report to the Board which facilitates the Board's evaluation of its performance. The performance of the Audit and Risk Committee was reviewed as part of its annual report preparation process.

Human Resources Committee

The Human Resources (HR) Committee is an independent sub-committee of the Board, with responsibilities under a charter established by the Board to:

- Make recommendations to the Board regarding the appointment, performance assessment and remuneration of the CEO
- In consultation with the CEO, make recommendations to the Board regarding the performance assessment and remuneration parameters of senior staff
- Make recommendations to the Board regarding the remuneration guidelines and key conditions of employment for other staff
- Consider important Human Resource Management issues such as management succession planning and knowledge management

- Provide advice and guidance to the CEO on resolving Human Resource Management issues of substance
- Consider and recommend to the Board the approval of key HR and work health and safety (WHS) policies, and reports on WHS performance.

The Committee comprises the Chairman of the Board, Hon Kevin Foley, as well as Ms Jane Jeffreys, Ms Jan McMahon, and Mr Rob Patterson. The CEO attends, and any Directors who are not members of the HR Committee are invited to attend meetings.

During the year the Committee considered organisational health, culture and structure, enterprise agreement negotiation parameters and WHS performance and policy.

The performance of the HR Committee was reviewed as part of the Board's annual performance review.

Risk management

Funds SA maintains a rigorous and proactive approach to identifying, managing and controlling all aspects of strategic and operational risk. This approach is approved by the Board and is consistent with applicable standards. The approach:

- Defines the risk management process for Funds SA which includes a formal annual risk assessment process i.e. risk identification through a business risk analysis with participation by each operational area, risk analysis whereby risks greater than the relatively minor acceptable risks are determined, and risk evaluation whereby Funds SA's risk appetite is applied to establish adequate management controls
- Facilitates the development and maintenance of a corporate risk register, which identifies the significant risks for Funds SA, the management controls in place to reduce those risks to an acceptable level and any actions required to ensure the adequacy of management controls, and
- Sets out roles and responsibilities including for the Board, Audit and Risk Committee and Funds SA employees.

The Audit and Risk Committee oversees Funds SA's risk management approach and systems, including receiving reports from the internal and external auditors and Manager Governance, Risk and Compliance regarding the effectiveness of Funds SA's management controls.

An internal committee called the Risk Management Committee meets monthly to review and monitor Funds SA's strategic risk exposures and to monitor the implementation of risk mitigation strategies. The Committee also identifies emerging risks. Some of the matters reviewed include portfolio and custodian compliance, liquidity and cashflows, and derivatives counterparty risk exposures.

Accounting policies

The Corporation has a set of documented accounting policies covering the form and content of the financial statements, the application of significant accounting standards and policies, and the valuation of investments. All accounting policies were formally reviewed during the year.

Financial reporting

All financial reporting; periodic Management, financial, statutory and ad hoc reports, comply with Australian Accounting Standards where practicable and all relevant legislation. To ensure ongoing stakeholder confidence, such information must be reliable, complete, accurate, relevant and timely. These reports undergo a detailed quality assurance process by Funds SA Management prior to publication. The Audit and Risk Committee formally reviews the annual financial statements prior to consideration by the Board.

Statutory reporting

All statutory reporting requirements of both the Funds SA Act and external regulatory requirements were delivered on time during the year.

Requirements under the Funds SA Act include performance plans, six and 12 month performance reports, annual financial statements and the annual report. External reporting requirements included Australian Bureau of Statistics returns, tax returns and whole-of-government financial information provided to the Department of Treasury and Finance.

Internal audit

In compliance with Section 27 of the Funds SA Act, the Corporation must establish and maintain effective internal auditing of its operations and the funds.

Funds SA's internal audit function is outsourced to PricewaterhouseCoopers. Internal Audit has direct access to the Audit and Risk Committee and the CEO and is responsible for implementing the Internal Audit Plan approved by the Audit and Risk Committee. Internal Audit tables its reports at Audit and Risk Committee meetings. Progress with the implementation of recommendations arising from these reports is monitored at each Committee meeting.

External audit

To comply with Section 28 of the Funds SA Act and the *Public Finance and Audit Act 1987*, the Auditor-General of South Australia performs a comprehensive annual audit of Funds SA's activities. During the year, executives of the Auditor-General's Department attended each Audit and Risk Committee meeting and participated in discussion of issues before the Committee. The executives of the Auditor-General's Department also met with the Committee without the presence of Management.

Fraud

Funds SA has a Fraud and Corruption Control framework in place for which employees periodically receive training.

There were no instances of fraud detected in 2015-16.

Whistleblowers

Funds SA's Whistleblowers Policy provides the means by which direct disclosure of public interest information about for example, maladministration, illegal activity, and conduct that causes substantial risks to public health or safety, may be made to a Funds SA Responsible Officer or appropriate authorities, in accordance with the *Whistleblowers Protection Act 1993* (WPA).

Funds SA has Responsible Officers for the purposes of the WPA pursuant to Section 7 of the *Public Sector Act 2009*. During 2015-16, there were no instances of disclosure of public interest information to a Responsible Officer of the Corporation under the WPA, nor was Funds SA advised of any disclosure to an appropriate authority.

Freedom of Information

Funds SA is exempt from the disclosure requirements of the *Freedom of Information Act 1991* under Schedule 2 (n) – Exempt Agencies. The entity named in this Act is the South Australian Superannuation Fund Investment Trust, which continues in existence under the name Superannuation Funds Management Corporation of Australia (trading as Funds SA), as stated in the Funds SA Act.

Board of Directors

As at 30 June 2016, Funds SA was governed by a Board of seven non-executive directors. A brief profile of each Director is presented below.

Hon Kevin Foley **Chairman, Independent Non-Executive Director**

Mr Foley is Chairman of the Funds SA Board, Chairman of the Human Resources Committee and a member of the Audit and Risk Committee. He was appointed to the Funds SA Board in August 2014 and as Chairman on 9 December 2015.

Mr Foley has had a 24 year career in politics, firstly as a Ministerial Advisor to a State Minister, then as Chief of Staff to a State Premier before being elected to Parliament in his own right in 1993. He was the South Australian Deputy Premier and State

Treasurer from 2002 to 2011, and a Minister for various Portfolios for a period of 10 years until 2012.

He is a Non-Executive Director of the South Australian Motor Accident Commission, Director of Foley Advisory Pty Ltd, Board member of Autosort Pty Ltd, Advisor / Adjunct facility with Carnegie Mellon and Commissioner of Bask Resorts Pty Ltd.

Mr Foley lives in Adelaide.

Kevin Crawshaw **Independent Non-Executive Director**

Mr Crawshaw is a Director and member of the Audit and Risk Committee. Mr Crawshaw was elected as a Director by the members of the South Australian Government Superannuation Schemes in October 2009 and was last re-appointed in October 2015. He was previously a Director of the Board from 1995 to 2006.

Mr Crawshaw brings expertise in finance and corporate governance. He has worked in the South Australian public health system as a hospital CEO as well as in a number of policy and corporate

support positions. His directorships and work in the health industry enhance the Board's appreciation of public and private sector functions. Mr Crawshaw was previously a Director of Savings and Loans Credit Union (SA) Ltd, serving as chair of the Board and later as Chair of the Board's Audit Committee.

He is currently a Director of Health Partners where he chairs the Board's Corporate Governance Committee.

Mr Crawshaw lives in Adelaide.

Jane Jeffreys, **Independent Non-Executive Director**

Ms Jeffreys is a Director and member of the Human Resources Committee. She was appointed to the Funds SA Board on 10 December 2015.

Ms Jeffreys brings extensive board, executive and consulting experience in the public, private and not-for-profit sectors. She has expertise and understanding of strategy, financial management, people and culture, technology and marketing and communication.

As at 30 June 2016, she was Director (and past Chairman) of Elderly Citizens Homes Inc and

Director of Iocane Pty Ltd and Jane Jeffreys Consulting. She is Chairman of the West Beach Trust, Gaming Care, and Guildhouse (NFP), and facilitator for the Australian Institute of Company Directors company directors course and programs. She was formerly the CEO of the South Australian Tourism Commission.

Ms Jeffreys lives in Adelaide.

Paul Laband **Independent Non-Executive Director**

Mr Laband is a Director and member of the Audit and Risk Committee. He was appointed to the Funds SA Board on 21 April 2016.

Mr Laband brings significant portfolio and investment experience from a career in investment management and asset consulting. His former roles include, Head of National Asset Management (NAM), Head of Asset Consulting at Towers Perrin Australia and Russell Investment Group (Australia) and Managing Director Asset Management at Abbey Life Investment Services in the UK, along

with his most recent management roles at UniSuper as Head of Public Markets (listed asset classes both domestically and globally) and subsequently Head of Strategic Tilting.

He is currently Director of JCP Investment Partners, member of Investment Committees for Telstra Super and the Salvation Army (Southern Territory), a member of Wingate Asset Management Advisory Committee and Board Observer at ReturnToWorkSA.

Mr Laband lives in Melbourne.

Jan McMahon **Independent Non-Executive Director**

Ms McMahon is a Director and member of the Human Resources Committee. She has been a Funds SA Director since July 1999 and was last re-appointed in July 2014. Ms McMahon was appointed to the Board by the Governor of South Australia upon the nomination of the South Australian Government Superannuation Federation.

Ms McMahon brings public and private sector experience and expertise in the areas of workplace safety, workers' rehabilitation and compensation. Her long commitment to South Australia's public sector employees and directorship of Super SA contributes to her role on the Funds SA Board.

Ms McMahon was formerly General Secretary of

the Public Service Association of South Australia and South Australian Branch Secretary.

Ms McMahon is Federal President of the Community and Public Sector Union, Secretary of the SA Government Superannuation Federation and the Chairman of Health Partners. She is also a Director of the Super SA Board and a Director of People's Choice Credit Union Board and Chair of the Audit Committee. Other directorships include Australian Central Services Pty Ltd, Financial Solutions Australasia Ltd and People's Choice Community Foundation Limited. Ms McMahon is a Member of the Australian Council of Trade Unions.

Ms McMahon lives in Adelaide.

Robert Patterson **Independent Non-Executive Director**

Mr Patterson is a Director and member of the Human Resources Committee. He was appointed to the Funds SA Board on 24 September 2015.

Mr Patterson brings substantial private sector experience and expertise, particularly in the areas of investment management, insurance, governance and accounting. In this regard, he has held executive roles with Argo Investments Limited including Company Secretary, Chief Executive and Managing Director.

As at 30 June 2016 he was a non-executive Director of Argo Investments Limited and Lawguard Management Pty Ltd, Chairman of the Art Gallery of South Australia Board Funds Management Committee and Investment Committee member of The Law Society of South Australia, Coopers Brewery Foundation Incorporated, Westminster School Foundation Incorporated and Derby Place Pty Ltd.

Mr Patterson lives in Adelaide.

Kathryn Presser

Independent Non-Executive Director

Ms Presser is a Director and Chairman of the Audit and Risk Committee. She was appointed to the Funds SA Board in December 2014.

Ms Presser brings to the Board extensive experience in all aspects of financial, project and management accounting. She has widespread company secretarial experience in public listed and private companies in a wide range of industries and in particular over 18 years experience at Beach Energy Limited. She also has broad governance and legislative experience through company

director positions. As at 30 June 2016, Ms Presser was the Chief Financial Officer / Company Secretary / Executive Vice President Corporate Services at Beach Energy Limited and a Director of Mawson Petroleum Pty Ltd. She is also a Director of Minda Incorporated, Non-Executive Director of Police Credit Union SA and NT, and a Council Member of the University of Adelaide and Walford Anglican Girls School.

Ms Presser lives in Adelaide.

James Boulderstone: Previous Independent Non-Executive Director

Mr Boulderstone was a Director and member of the Human Resources Committee. He resigned from the Funds SA Board on 30 July 2015.

Helen Nugent AO: Previous Chairman, Independent Non-Executive Director

Dr Nugent was a Director, Chairman of the Board, Chairman of the Human Resources Committee and member of the Audit and Risk Committee. She stepped down as a Funds SA Director at the end of her term on 8 December 2015.

Leigh Hall AM: Previous Independent Non-Executive Director

Mr Hall was a Director and Chairman of the Audit and Risk Committee. He stepped down as a Funds SA Director at the end of his term on 3 March 2016.

Board remuneration

The rates of remuneration, allowances and expenses for Board members are determined by the Governor of South Australia.

Members of the Board sub-committees receive fees for the additional duties undertaken. The payment of fees to members of the Audit and Risk and Human Resources Committees are consistent with those set by the Governor.

Further details of Directors' remuneration may be found in Note 10 to the Corporation's financial statements for the year ended 30 June 2016.

Table 11: Meeting attendance record 2015-16

Director	Meetings Eligible to Attend				Meetings Attended			
	Board Meeting ¹	Trustee Meeting ²	Audit & Risk Committee ³	HR Committee ⁴	Board Meeting ¹	Trustee Meeting ²	Audit & Risk Committee ³	HR Committee ⁴
Mr James Boulderstone	1				1			
Mr Kevin Crawshaw	9	3	4		8	2	4	
Hon Kevin Foley	9	3	2	3	9	3	2	3
Mr Leigh Hall AM	6	1	3		4	1	2	
Ms Jane Jeffreys	5	2		1	5	2		1
Mr Paul Laband	2	1	1		2	1	1	
Ms Jan McMahon	9	3		3	8	3		3
Dr Helen Nugent AO	4	1	2	2	4	1	2	2
Mr Robert Patterson	6	2		2	6	2		2
Ms Kathryn Presser	9	3	4		9	2	4	

1. There were nine Board meetings held including one additional, unscheduled meeting.

2. There were three Trustee meetings held including one additional, unscheduled meeting. Trustee meetings relate to Funds SA's investment trusts, discussed under the Financial Management section of this report.

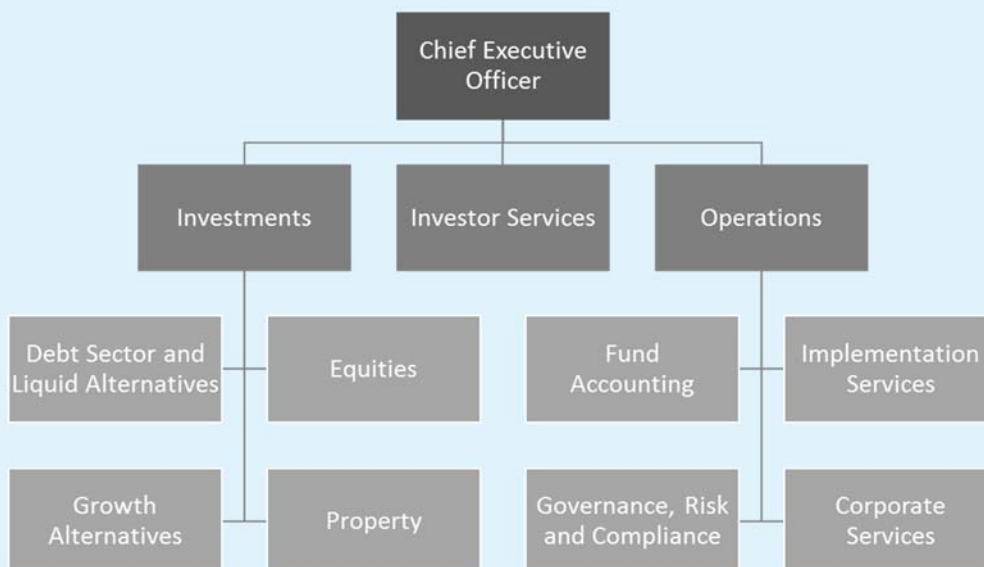
3. There were four Audit and Risk Committee meetings held.

4. There were three Human Resources (HR) Committee meetings held including one additional, unscheduled meeting.

Our People

Funds SA had a total of 30 employees as at 30 June 2016. Funds SA's organisational structure as at 30 June 2016 is shown in the chart below.

Chart 3: Funds SA organisational structure



Employment arrangements and key policies

Funds SA staff are employed under the Funds SA Act, with most staff party to an enterprise agreement specifically negotiated for the Corporation and sanctioned by the Funds SA Board for approval by the Industrial Relations Commission SA. Other senior staff are employed under fixed term contracts approved by the Funds SA Board.

Funds SA's Enterprise Agreement and Human Resource policies aim to apply work practices and conditions of employment that will:

- Sustain a flexible, supportive work environment where employees work largely independently and take responsibility for achieving results, but are also committed to the use of a team-based approach to work, and are skilled and motivated to pursue continuous improvement and achieve best practice standards and outcomes.
- Foster the development of a strong organisational culture where professionalism, innovation, flexibility, accountability, responsibility, respect for stakeholders, outcome focus and high standards of service and ethical behaviour are prominent.
- Maintain the productivity, performance and effectiveness of the Corporation through the diligent management of expenditure, an emphasis on undertaking value-adding activities, and the use of a performance management system that promotes employee development and the achievement of outcomes.
- Assist employees to achieve a suitable balance between work and family responsibilities.

Equal opportunity

Funds SA's Equal Opportunity and Prevention of Harassment Policy and supporting procedures and practices aim to:

- Provide equal opportunity in employment and in the provision and contracting of services
- Promote an environment free of discrimination, harassment and bullying.

Human resource development

Funds SA staff are employed across a number of financial disciplines, including specialists in investment management, fund implementation, fund accounting, risk management and compliance. At 30 June 2016, 83% of staff held tertiary qualifications, and several held post-graduate qualifications including:

- One Doctorate
- Seven Masters degrees
- Two Chartered Financial Analysts (CFA)
- Three Certified Investment Management Analysts (CIMA)
- Five Graduate Diplomas
- Five Certified Practising Accountants and Chartered Accountants.

Funds SA's staff, and in particular its investment team, are experienced professionals. Together they have over 369 years combined experience in the finance industry. At 30 June 2016:

- staff averaged 7.9 years at Funds SA with 12.3 years in the finance industry
- investment staff averaged 8.5 years at Funds SA with 13.9 years in the finance industry.

All employees have documented personal development plans. Plans are linked to business objectives and aim to ensure employees are skilled to perform their work competently, able to develop in an environment that promotes learning, continuous improvement and a high level of job satisfaction, and allows staff to remain at the forefront of their fields.

Funds SA's commitment to personal development is shown by an average of 38.8 external training and development hours per employee for the year, including leadership and management training.

During the year, one employee undertook studies towards a Chartered Financial Analyst qualification, one employee was awarded the Claritas Investment Certificate and another completed the Australian Institute of Company Directors Course.

Healthy and safe environment

Funds SA is committed to maintaining a healthy and safe work environment where employees have a high level of job satisfaction.

Funds SA's umbrella Work Health and Safety (WHS) policy is approved by the Board and is supported by a suite of WHS policies and procedures that are reviewed by a WHS Committee. The WHS Committee comprises four employees representing a cross-section of Funds SA. Five meetings were held during 2015-16.

WHS risk management activities are aligned with Funds SA's 'Approach to Risk Management' and are well integrated in normal operations. Activities

include workplace inspections, an employee assistance (personal counselling) program, biennial eyesight and ergonomic assessment for use of screen-based equipment, and the offering of influenza vaccinations to staff each year. In 2015-16, WHS specific training averaged 1.0 hour per full time equivalent (FTE) employee.

In 2015-16, there were no workplace injuries, lost-time incidents or notifiable incidents, and no improvement or prohibition notices were served.

Funds SA did not incur any claim expenditure in 2014-15 or 2015-16.

Public complaints

No public complaints were received during 2015-16.

Overseas travel

Details of overseas travel can be found on Funds SA's website.

Creation of Operations Team

During the year, the Finance, Corporate Services and Risk and Compliance Teams were amalgamated to form the Operations Team. The new structure is expected to derive benefits in ensuring that all operational functions are planned and executed in a coordinated fashion with a focus on efficiency, risk management and providing an operating model and reporting framework to support Funds SA's investment goals.

The Operations Team now comprises four sub-teams:

- Implementation Services
- Fund Accounting
- Corporate Services and IT
- Governance, Risk and Compliance.

Contractual arrangements

Funds SA has a number of arrangements in place with service providers. The Investments section of this report includes a list of Funds SA's external investment managers, while other key service providers are listed below.

- Crown Solicitor's Office – legal advice
- Ernst & Young – unit trust audit services
- Datacom Systems (SA) Pty Ltd – ICT system administration services
- JPMorgan Chase Bank N.A. – asset custody, investment administration and reporting services
- KPMG – tax advisory services
- PricewaterhouseCoopers – internal audit services
- Quentin Ayers Pty Ltd – retained for advice on private equity funds
- Shared Services SA – payroll services
- Thomson Geer Lawyers – legal advice
- Willis Towers Watson – multi-sector strategy advice and manager research.

Further information on contractual arrangements can be found on the SA Tenders and Contracts website at: www.tenders.sa.gov.au.

Funds SA investment trusts

On 1 July 2008, Funds SA created a number of unlisted unit trusts to hold the investments of Funds SA's tax-paying investors. The unit trusts are established under a Master Trust Deed, with the Corporation acting as Trustee. As at 30 June 2016, Funds SA had 18 unit trusts in operation.

This initiative has greatly facilitated the administration, tax compliance and reporting of investments for Funds SA's tax-paying investors.

Managing the custodian relationship

Funds SA uses the services of a custodian, JPMorgan Chase Bank, to safeguard and administer a large proportion of portfolio investments. The custodian is responsible, amongst other things, for the safe custody of Funds SA's investments, for settling transactions on the instruction of Funds SA's investment managers, ensuring that all dividends and interest payments are received, ensuring that investment managers respond to any corporate actions (such as rights issues or takeover bids) and providing accurate financial and performance reports on Funds SA's investments. JPMorgan also values the portfolio daily and provides unit registry and unit pricing services to support Funds SA's common asset sector pools and investment strategy / option pools.

Investments under the custody / investment administration of JPMorgan Chase Bank as at 30 June 2016 amounted to \$25.0 billion, representing 92.5% of total funds under management.

Funds SA puts substantial effort into managing and monitoring this critical function. The Corporation's custodian management program aims to ensure compliance with the Global Custody Agreement with JPMorgan Chase Bank, and provide assurance that assets under custody are safeguarded and accurately recorded and valued.

The program includes a detailed monthly review of key data and deliverables under the Custodian Service Level Agreement, formal quarterly review meetings between Funds SA Management and JPMorgan Chase Bank representatives and an annual sign-off on the assets under custody by the custodian's external auditor, PricewaterhouseCoopers.

Unitisation

A multi-layered unitisation system facilitates the administration of different asset allocation strategies offered to investors.

Each investor holds units in an investment strategy / option, which in turn holds units in each of the asset sector fund according to the asset allocation for the investment strategy / option. Units are issued and redeemed periodically, as transactions occur, at unit prices reflecting the value of underlying investments within each asset sector fund. Unit prices are struck daily.

The unitisation system ensures that the pooled investments of different investors are equitably apportioned and reported to those investors.

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The data provided by Chant West does not contain all of the information that is required in order to evaluate the nominated service providers, and you are responsible for obtaining such further information.

The data provided by Chant West does not constitute financial product advice. However to the extent that this data may be considered to be general financial product advice, Chant West warns that: (a) Chant West has not considered any individual person's objectives, financial situation or particular needs; (b) individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation; and (c) individuals should obtain a product disclosure statement from the relevant fund provider before making any decision about whether to acquire a financial product from that fund provider. A Financial Services Guide has been made available by Chant West through its website at www.chantwest.com.au.



FUNDS SA

Financial Statements for the year ending 30 June 2016

Superannuation Funds
Management Corporation
of South Australia trading
as Funds SA



**Government
of South Australia**

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

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To the Chairman Superannuation Funds Management Corporation of South Australia

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 28 of the *Superannuation Funds Management Corporation of South Australia Act 1995*, I have audited the accompanying financial report of the Superannuation Funds Management Corporation of South Australia for the financial year ended 30 June 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- Schedule 1: Asset Sector Funds Under Management for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chairman, a Director, the Chief Executive Officer and the Chief Operating Officer.

The Directors of the Superannuation Funds Management Corporation of South Australia's responsibility for the financial report

The directors of the Superannuation Funds Management Corporation of South Australia are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the directors of the Superannuation Funds Management Corporation of South Australia determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

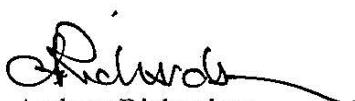
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors of the Superannuation Funds Management Corporation of South Australia, as well as evaluating the overall presentation of the financial report.

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

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on the Superannuation Funds Management Corporation of South Australia's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the Superannuation Funds Management Corporation of South Australia as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



Andrew Richardson

Auditor-General

19 September 2016

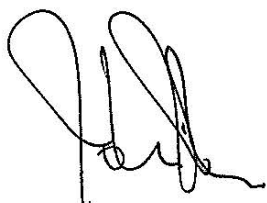
Funds SA **Financial Statements for the year ended 30 June 2016**

Certification of the Financial Statements

We certify that the attached general purpose financial statements for Funds SA:

- comply with any relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of Funds SA; and
- present a true and fair view of the financial position of Funds SA as at 30 June 2016 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by Funds SA for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period and there are reasonable grounds to believe Funds SA will be able to pay its debts as and when they become due and payable.



John Piteo
Chief Operating Officer

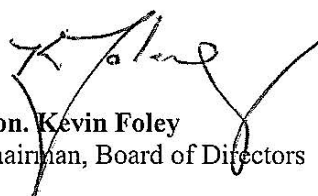


Jo Townsend
Chief Executive Officer

Approved by a resolution of the Board of Directors dated 12th September 2016.



Kathryn Presser
Director, Chair of Audit and Risk Committee



Hon. Kevin Foley
Chairman, Board of Directors

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Financial Statements for the year ended 30 June 2016

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Income			
Revenues from fees and charges		7,396	6,218
Interest revenues		62	91
Total Income		7,458	6,309
Expenses			
Employee benefits costs	3	4,573	4,215
Supplies and services	4	1,485	1,586
Depreciation and amortisation expense	5	195	134
Net loss from disposal of non-current assets		16	-
Total Expenses		6,269	5,935
Net Surplus		1,189	374
Total Comprehensive Result		1,189	374
The Net Surplus and Comprehensive Result is attributable to the SA Government as owner			

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Current Assets			
Cash and cash equivalents		4,100	3,784
Receivables		796	722
Other current assets		71	86
Total Current Assets		4,967	4,592
Non-Current Assets			
Property, plant and equipment	7	1,278	180
Investments in Funds SA Unit Trusts	15	-	-
Total Non-Current Assets		1,278	180
Total Assets		6,245	4,772
Current Liabilities			
Payables	8	524	428
Employee benefits	9	400	271
Total Current Liabilities		924	699
Non-Current Liabilities			
Payables	8	80	76
Employee benefits	9	890	835
Total Non-Current Liabilities		970	911
Total Liabilities		1,894	1,610
Net Assets		4,351	3,162
Equity			
Retained earnings		4,351	3,162
Total Equity		4,351	3,162
The total equity is attributable to the SA Government as owner			
Unrecognised contractual commitments	11		
Contingent assets and liabilities	12		

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2014	2,788	2,788
Total comprehensive result for 2014-15	374	374
Balance at 30 June 2015	3,162	3,162
Total comprehensive result for 2015-16	1,189	1,189
Balance at 30 June 2016	4,351	4,351
Changes in equity are attributable to the SA Government as owner		

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CASHFLOWS
For the year ended 30 June 2016

	Note No.	2016 \$'000	2015 \$'000
Cash flows from Operating Activities			
Cash inflows			
Receipts from fees and charges		8,158	6,999
Interest received		61	90
Cash generated from operations		8,219	7,089
Cash outflows			
Employee benefit payments		(4,449)	(4,124)
Supplies and services		(1,821)	(1,884)
GST paid to the ATO		(324)	(361)
Cash used in operations		(6,594)	(6,369)
Net cash provided by operating activities	13	1,625	720
Cash flows from Investing Activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		8	-
Cash generated from investing activities		8	-
Cash outflows			
Purchase of property, plant and equipment		(1,317)	(101)
Cash used in investing activities		(1,317)	(101)
Net cash used in investing activities		(1,309)	(101)
Net increase in cash and cash equivalents		316	619
Cash and cash equivalents at the beginning of the financial year		3,784	3,165
Cash and cash equivalents at the end of the financial year		4,100	3,784

The above Statement of Cashflows should be read in conjunction with the accompanying notes.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT

This schedule provides information in relation to assets under Funds SA's management as at balance date.

The disclosure of this information is voluntary. The basis of valuation of asset class investments is fair value as required under AASB13 *Fair Value Measurement*. The sources of valuations are provided below.

This schedule provides the following information:

- Investment Valuation Sources
- Statement of Income and Expenses of Assets Under Management
- Statement of Net Assets Under Management
- Financial Instruments and Management of Portfolio Risk

Investment Valuation Sources

Discretely Managed Portfolios

Funds SA's custodian, JP Morgan, has valued each portfolio using market prices applicable at balance date.

Managed Funds

Pooled Funds / Unlisted Unit Trusts

Investments in pooled funds and other unlisted unit trusts have been valued by Funds SA's custodian in accordance with the valuations supplied by the relevant fund managers.

Private Equity

The value of private equity investments is based on the most recent fund valuations supplied by the relevant fund managers.

Currency Hedge Overlay

The value of the currency hedge overlay, as at 30 June 2016, is supplied by Funds SA's custodian and represents either the payable or receivable associated with closing out the forward rate agreements in place, on that date, as part of Funds SA's currency management strategy.

Internally Managed Investments

Internally Managed Inflation Linked Securities

These investments, the returns of which are linked to movements in either the Consumer Price Index or Average Weekly Earnings, have been valued using the discounted cash flow method. The valuation as at balance date was performed by an independent valuer, Interactive Data Corporation.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2016

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses) ¹ \$'000	Unrealise d gains / (losses) ² \$'000	Expense s \$'000	TOTAL \$'000
Australian Equities A	300,182	(36,601)	(216,862)	(14,038)	32,681
Australian Equities B	50,833	811	(42,126)	(2,145)	7,373
International Equities A	115,336	(124,393)	(53,604)	(27,078)	(89,739)
International Equities B	38,040	(10,432)	(36,508)	(3,611)	(12,511)
Property A	169,620	104,325	122,688	(13,572)	383,061
Property B	11,955	10,713	20,107	(1,408)	41,367
Diversified Strategies Growth A	172,603	(25,424)	108,839	(56,427)	199,591
Diversified Strategies Growth B	12,599	(1,255)	13,425	(5,047)	19,722
Diversified Strategies Income	70,997	(53,413)	147,074	(21,859)	142,799
Inflation Linked Securities A	38,714	(1,578)	(28,068)	(2,309)	6,759
Inflation Linked Securities B	41,307	(23,546)	6,764	(2,882)	21,643
Long Term Fixed Interest	38,599	446	70,677	(2,591)	107,131
Short Term Fixed Interest	24,924	(2,777)	1,252	(1,138)	22,261
Cash	33,735	-	-	(777)	32,958
Socially Responsible	3,409	-	(2,349)	(726)	334
Absolute Return (MAC)	3,147	-	(5,833)	(348)	(3,034)
Infrastructure (MAC)	9,642	-	12,604	(2,948)	19,298
Diversified Strategies Income (MAC)	20,972	(3,878)	27,264	(3,058)	41,300
Fixed Interest (MAC)	31,595	(3,011)	4,819	(530)	32,873
TOTAL	1,188,209	(170,013)	150,163	(162,492)	1,005,867

⁽¹⁾ Realised gains / (losses) represents realised gains and losses over either cost for those investments which had been acquired and disposed of within the financial period, or over market values previously brought to account where the investments disposed of were held at the commencement of the period.

⁽²⁾ Unrealised gains / (losses) represents unrealised gains and losses, over either cost for those investments acquired during the period, or over market value at the commencement of the period for those investments acquired prior to the commencement of the period, and held at balance date.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2015

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses) ¹ \$'000	Unrealised gains / (losses) ² \$'000	Expense s \$'000	TOTAL \$'000
Australian Equities A	228,112	28,595	40,382	(12,420)	284,669
Australian Equities B	25,636	244	6,423	(1,513)	30,790
International Equities A	101,278	147,191	693,655	(28,342)	913,782
International Equities B	22,218	(12,544)	85,953	(2,733)	92,894
Property A	142,526	-	133,315	(11,418)	264,423
Property B	12,693	-	12,549	(1,102)	24,140
Diversified Strategies Growth A	121,800	(91,305)	178,543	(44,263)	164,775
Diversified Strategies Growth B	9,004	(7,396)	14,375	(3,681)	12,302
Diversified Strategies Income	78,825	(167,513)	243,707	(35,213)	119,806
Inflation Linked Securities A	35,672	(1,479)	(4,401)	(367)	29,425
Inflation Linked Securities B	39,851	11,189	25,669	(2,752)	73,957
Long Term Fixed Interest	33,680	10,951	17,581	(2,283)	59,929
Short Term Fixed Interest	26,732	(950)	(2,933)	(1,063)	21,786
Cash	31,010	-	-	(595)	30,415
Socially Responsible	2,558	-	5,998	(664)	7,892
Absolute Return (MAC)	6,040	-	(2,697)	(1,137)	2,206
Infrastructure (MAC)	6,380	-	7,088	(1,587)	11,881
Diversified Strategies Income (MAC)	25,440	(32,373)	31,544	(1,850)	22,761
Fixed Interest (MAC)	26,932	1,047	(297)	(387)	27,295
TOTAL	976,387	(114,343)	1,486,454	(153,370)	2,195,128

⁽¹⁾ Realised gains / (losses) represents realised gains and losses over either cost for those investments which had been acquired and disposed of within the financial period, or over market values previously brought to account where the investments disposed of were held at the commencement of the period.

⁽²⁾ Unrealised gains / (losses) represents unrealised gains and losses, over either cost for those investments acquired during the period, or over market value at the commencement of the period for those investments acquired prior to the commencement of the period, and held at balance date.

STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2016

Asset Sector	Discretely Managed Portfolios \$'000	Managed Funds \$'000	Internally Managed Investments \$'000	Currency Hedge Overlay \$'000	Other Assets \$'000	Liabilities \$'000	Total \$'000
Australian Equities A	4,803,249	-	-	-	279	(3,701)	4,799,827
Australian Equities B	229,286	531,396	-	-	29	(403)	760,308
International Equities A	4,179,251	657,138	-	(9,762)	102	(4,538)	4,822,191
International Equities B	298,694	351,983	-	430	10	(483)	650,634
Property A	29	2,719,084	-	-	34	(203)	2,718,944
Property B	-	431,282	-	-	5	(44)	431,243
Diversified Strategies Growth A	-	1,965,592	-	(5,152)	25	(769)	1,959,696
Diversified Strategies Growth B	-	217,882	-	(511)	4	(73)	217,302
Diversified Strategies Income	1,778,982	2,104,699	-	(15,855)	65	(3,754)	3,864,137
Inflation Linked Securities A*	-	-	413,944	-	71	(98)	413,917
Inflation Linked Securities B	1,499,733	-	-	-	1,035	(566)	1,500,202
Long Term Fixed Interest	1,332,813	-	-	-	17	(639)	1,332,191
Short Term Fixed Interest	646,390	-	-	-	21	(255)	646,156
Cash	-	1,280,327	-	-	289	(57)	1,280,559
Socially Responsible	-	105,800	-	-	3	(20)	105,783
Absolute Return (MAC)	-	32,037	-	-	1	(73)	31,965
Infrastructure (MAC)	-	149,970	2,367	-	2	(6)	152,333
Diversified Strategies Income (MAC)	663,833	131,354	-	-	42	(1,174)	794,055
Fixed Interest (MAC)	504,380	-	-	-	60	(88)	504,352
TOTAL	15,936,640	10,678,544	416,311	(30,850)	2,094	(16,944)	26,985,795

STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2015

Asset Sector	Discretely Managed Portfolios \$'000	Managed Funds \$'000	Internally Managed Investments \$'000	Currency Hedge Overlay \$'000	Other Assets \$'000	Liabilities \$'000	Total \$'000
Australian Equities A	3,648,088	1,088,645	-	-	240	(3,861)	4,733,112
Australian Equities B	94,295	525,125	-	-	21	(376)	619,065
International Equities A	4,430,735	700,707	-	(54,374)	85	(6,016)	5,071,137
International Equities B	263,801	314,436	-	(5,955)	6	(440)	571,848
Property A	37	2,657,759	-	-	18	(911)	2,656,903
Property B	-	259,846	-	-	3	(113)	259,736
Diversified Strategies Growth A	-	1,698,964	-	(24,795)	14	(531)	1,673,652
Diversified Strategies Growth B	-	161,342	-	(1,892)	3	(49)	159,404
Diversified Strategies Income	1,643,046	1,635,314	-	(36,690)	47	(3,391)	3,238,326
Inflation Linked Securities A*	-	-	444,009	-	1	(115)	443,895
Inflation Linked Securities B	1,747,276	-	-	-	1,036	(889)	1,747,423
Long Term Fixed Interest	1,025,007	-	-	-	13	(710)	1,024,310
Short Term Fixed Interest	623,889	-	-	-	19	(348)	623,560
Cash	-	1,323,991	-	-	220	(132)	1,324,079
Socially Responsible	-	96,271	-	-	8	(32)	96,247
Absolute Return (MAC)	-	34,744	-	-	1	(84)	34,661
Infrastructure (MAC)	-	130,603	3,266	-	1	(16)	133,854
Diversified Strategies Income (MAC)	660,530	-	-	-	53	(449)	660,134
Fixed Interest (MAC)	726,185	-	-	-	55	(171)	726,069
TOTAL	14,862,889	10,627,747	447,275	(123,706)	1,844	(18,634)	25,797,415

* Inflation Linked Securities A excludes the portion of its ownership in the Inflation Linked Securities B asset class.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Fair Value Hierarchy

In accordance with the disclosure requirements under AASB 13 *Fair Value Measurement*, Funds SA has adopted the fair value hierarchy disclosures for the funds under management as at 30 June 2016. This requires the disclosure of investments using a fair value hierarchy that reflects the subjectivity of the inputs used in valuing the investments.

The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As per AASB 13 paragraph 73, “the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement”. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the investment.

The determination of what constitutes ‘observable’ requires judgement. Funds SA considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

The table below sets out Funds SA’s investments (by asset class) measured at fair value according to the fair value hierarchy at 30 June 2016.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2016					
Financial assets and liabilities through profit or loss	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Other \$'000	Total \$'000
Australian Equities A	4,802,847	94	-	(3,114)	4,799,827
Australian Equities B	229,281	531,395	-	(368)	760,308
International Equities A	4,196,313	626,791	-	(913)	4,822,191
International Equities B	301,138	349,828	-	(332)	650,634
Property A	30	480,766	2,238,318	(170)	2,718,944
Property B	1	65,372	365,910	(40)	431,243
Diversified Strategies Growth A	14,576	127,281	1,818,584	(745)	1,959,696
Diversified Strategies Growth B	1,211	37,689	178,472	(70)	217,302
Diversified Strategies Income	112,602	3,755,212	-	(3,677)	3,864,137
Inflation Linked Securities*	761,057	739,616	413,944	(498)	1,914,119
Long Term Fixed Interest	1,251,970	80,839	-	(618)	1,332,191
Short Term Fixed Interest	490,509	155,867	-	(220)	646,156
Cash	1,280,596	-	-	(37)	1,280,559
Socially Responsible	2	105,800	-	(19)	105,783
Absolute Return (MAC)	1	32,037	-	(73)	31,965
Infrastructure (MAC)	1	-	152,337	(5)	152,333
Diversified Strategies Income (MAC)	66,625	728,532	-	(1,102)	794,055
Fixed Interest (MAC)	253,015	251,412	-	(75)	504,352
Total	13,761,775	8,068,531	5,167,565	(12,076)	26,985,795

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

There were no transfers of assets between Levels 1, 2 or 3 during the year ended 30 June 2016.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2015					
Financial assets and liabilities through profit or loss	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Other \$'000	Total \$'000
Australian Equities A	3,647,760	1,088,645	-	(3,293)	4,733,112
Australian Equities B	94,290	525,124	-	(349)	619,065
International Equities A	4,428,224	646,333	-	(3,420)	5,071,137
International Equities B	263,728	308,482	-	(362)	571,848
Property A	34	475,202	2,182,557	(890)	2,656,903
Property B	1	52,434	207,412	(111)	259,736
Diversified Strategies Growth A	1	119,593	1,554,576	(518)	1,673,652
Diversified Strategies Growth B	1	36,823	122,635	(55)	159,404
Diversified Strategies Income	70,063	3,171,601	-	(3,338)	3,238,326
Inflation Linked Securities*	933,938	814,317	444,009	(946)	2,191,318
Long Term Fixed Interest	970,426	54,583	-	(699)	1,024,310
Short Term Fixed Interest	469,446	154,421	-	(307)	623,560
Cash	1,324,197	-	-	(118)	1,324,079
Socially Responsible	8	96,271	-	(32)	96,247
Absolute Return (MAC)	1	34,744	-	(84)	34,661
Infrastructure (MAC)	1	-	133,869	(16)	133,854
Diversified Strategies Income (MAC)	152,653	507,928	-	(447)	660,134
Fixed Interest (MAC)	352,148	374,084	-	(163)	726,069
Total	12,706,920	8,460,585	4,645,058	(15,148)	25,797,415

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

There were no transfers of assets between Levels 1, 2 or 3 during the year ended 30 June 2015.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Opening Balance - 1 July 2015	Purchases	Disposals	Unrealised Gains / (Losses)	Closing Balance - 30 June 2016
Level 3 Financial Assets and Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Property A	2,182,557	2,016,847	(2,038,975)	77,889	2,238,318
Property B	207,412	355,906	(213,505)	16,097	365,910
Diversified Strategies Growth A	1,554,576	444,755	(160,516)	(20,231)	1,818,584
Diversified Strategies Growth B	122,635	61,770	(9,979)	4,046	178,472
Inflation Linked Securities*	444,009	-	-	(30,065)	413,944
Infrastructure (MAC)	133,869	8,755	-	9,713	152,337
Total	4,645,058	2,888,033	(2,422,975)	57,449	5,167,565

* Inflation Linked Securities includes the externally and internally managed inflation linked securities from both the Inflation Linked Securities A and Inflation Linked Securities B asset classes.

There were no transfers of assets into or out of Level 3 during the year ended 30 June 2016.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Level 1

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include listed equities and developed market nominal sovereign bonds.

Level 1 also includes cash at bank, term deposits, bank bills, promissory notes and interest receivable on these investments.

Level 2

Investments that trade in markets that are not considered to be sufficiently active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds, certain non-US sovereign bonds, over-the-counter derivatives (including the foreign currency hedge overlay) and certain unlisted unit trusts where the nature of the underlying investments allows for ready transaction of units at the observable price.

Level 3

Investments classified within Level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available for these investments, Funds SA has used industry standard valuation techniques to derive fair value. Level 3 investments include certain directly held non traded index-linked securities and unlisted unit trusts where the underlying investments have been valued using an appraisal methodology and the unit price is provided for predominantly valuation rather than transaction purposes.

Other

Although not specifically required by AASB 13, 'Other' includes accrued expenses and GST payable (to the ATO) / receivable (from the ATO) for each asset class and is included in the above disclosure for completeness purposes only.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Financial Instruments and Management of Portfolio Risk

Use of derivative financial instruments

Derivatives can be defined as financial contracts whose value depend on, or are derived from other specific assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, currency forward rate agreements and exchange-traded futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers, for the purposes described above.

The fair value of all derivative positions as at 30 June 2016 is incorporated within the Statement of Net Assets Under Management in Schedule 1.

Market Risk

Market risk is the risk that investment returns generated by the different financial markets will be volatile and will deviate from long-term expectations over the short / medium term.

Funds SA manages the risk of financial market volatility through the adherence to two principles:

- ensuring a diversity of exposures to different financial markets and sub-markets; and
- ensuring asset allocations for different investment options are consistent with the time horizon of each.

Liquidity Risk

Two types of liquidity risk are inherent in Funds SA's investment activities. The first is the risk that investor redemption requests are unable to be satisfied due to the inability to liquidate investments. The second is the risk that significant transaction costs will be incurred in liquidating investments to meet investors' cash redemption requirements.

Funds SA manages liquidity risk as follows:

- Firstly, by giving careful consideration to the expected net cash redemption requirements of Funds SA's investors. The allocation to cash in the strategic asset allocation of each investment option is set at a level sufficient to manage expected cash redemptions.
- Secondly, a large proportion of each investment option is invested in highly liquid investments such as actively traded equities, unit trusts or securities with short-term maturities.

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

Financial Instruments and Management of Portfolio Risk (continued)

Currency Risk

Funds SA's foreign currency exposure arises from its investment in assets denominated in foreign currencies.

Funds SA's strategic policy for the management of its foreign currency exposure is as follows:

- Foreign currency exposures in the Diversified Strategies Growth A, Diversified Strategies Growth B, Diversified Strategies Income, Fixed Interest and Inflation Linked Securities asset sectors are fully hedged to Australian dollars.
- Foreign currency exposures over the developed markets component of the International Equities A and International Equities B asset sectors are 50% hedged to Australian dollars.

For the purpose of managing foreign currency risk, within defined constraints, the exposure to foreign currency can be varied from the strategic policy stated above.

Interest Rate Risk

Interest rate risk is the risk that a movement in interest rates will cause the value of fixed interest securities to deviate from expectations.

Funds SA manages interest rate risk through:

- ensuring asset allocations for different investment options are consistent with the time horizon of each; and
- the use of specialist external investment managers to manage Funds SA's cash and fixed interest portfolios.

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Note 1 Objectives of Funds SA

a) Objectives of Funds SA

The Superannuation Funds Management Corporation of South Australia (Funds SA or the Corporation) was established on 1 July 1995 pursuant to the *Superannuation Funds Management Corporation of South Australia Act 1995* (Funds SA Act).

Under Section 5 of the Funds SA Act, the functions of Funds SA are:

- (a) to invest and manage -
 - (i) the public sector superannuation funds; and
 - (ii) the nominated funds of approved authorities, pursuant to strategies formulated by the Corporation;
- (ab) to invest and manage other funds (if any) established by the Corporation for the purposes of the operation of any Act pursuant to strategies formulated by the Corporation;
- (b) such other functions as are assigned to the Corporation by this or any other Act.

Under Section 7 of the Funds SA Act, the objective of the Corporation in performing its functions is to achieve the highest return possible on investment of the funds while having proper regard for -

- (a) the need to maintain the risks relating to investment at an acceptable level; and
- (b) the need for liquidity in the funds; and
- (c) such other matters as are prescribed by regulation.

b) Purpose of the financial statements

The purpose of the financial statements is to discharge Funds SA's reporting obligations in respect of its financial affairs under Section 26(1) of the Funds SA Act, and in respect of each of the funds, as required by Section 26(2) of the Funds SA Act.

As at 30 June 2016, Funds SA managed the following funds:

Public Sector Superannuation Funds:

- South Australian Superannuation Scheme:
 - South Australian Superannuation Fund (Old Scheme Division)
 - South Australian Superannuation Fund (New Scheme Division)
 - South Australian Superannuation Scheme - Employer Contribution Accounts
- Police Superannuation Scheme:
 - Police Superannuation Fund (Old Scheme Division)
 - Police Superannuation Scheme - Employer Contribution Account
- Southern State Superannuation Scheme:
 - Southern State Superannuation Fund
- Super SA Retirement Investment Fund:
 - Super SA Flexible Rollover Product
 - Super SA Income Stream

Note 1 Objectives of Funds SA (continued)

b) Purpose of the financial statements (continued)

- Parliamentary Superannuation Scheme
- Judges' Pension Scheme
- Governors' Pension Scheme

Eligible Superannuation Funds:

- South Australian Ambulance Service Superannuation Scheme
- South Australian Metropolitan Fire Service Superannuation Scheme

Nominated Funds of Approved Authorities:

- South Australian Government Financing Authority
- Adelaide Cemeteries Authority
- Motor Accident Commission – Compulsory Third Party Fund
- Lifetime Support Authority
- Health Services Charitable Gifts Board
- The University of Adelaide Endowment Fund

Other (Established by the Public Corporation (Southern Select Super Corporation) Regulations 2012)

- Super SA Select

c) Format and content of Funds SA's financial statements

Funds SA adopts the format and content of the Model Financial Statements developed by the Department of Treasury and Finance.

The Statement of Financial Position does not incorporate the funds under management as assets of Funds SA. The Statement of Comprehensive Income does not incorporate the investment revenue and expenses. The financial statements of these funds are disclosed separately under Note 16 in accordance with section 26(2) of the Funds SA Act.

Controlled entities have not been consolidated into Funds SA's Statement of Financial Position as they form part of the asset sectors under management. Accordingly, they are incorporated within the asset sector financial information in Schedule 1.

Note 2 Summary of Significant Accounting Policies

a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by Funds SA for the reporting period ending 30 June 2016.

AASB 16 Leases will apply for the first time to our 30 June 2020 financial statements. This standard will require Funds SA to recognise all leased items in the statement of financial position as assets to represent the value of what Funds SA lease, and liabilities to represent expected future lease payments. Depending on the lease arrangements Funds SA have entered into at the time, this could see assets and liabilities of up to \$1.4m being recognised and, over the lease term, amortised.

b) Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying Funds SA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - a) expenses incurred as a result of engaging consultants (Refer Note 4);
 - b) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10,000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees (Refer Note 3).

Note 2 Summary of Significant Accounting Policies (continued)

b) Basis of preparation (continued)

Funds SA's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accruals basis and are in accordance with the historical cost convention.

The Statement of Cashflows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

c) Reporting entity

The financial report covers Funds SA as an individual reporting entity. Funds SA is a statutory authority of the State of South Australia, established pursuant to *Superannuation Funds Management Corporation of South Australia Act 1995*.

d) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

e) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where a specific Accounting Policy Statement or Australian Accounting Standard has required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

f) Income

Income is recognised to the extent that it is probable that the flow of economic benefits to Funds SA will occur and can be reliably measured. Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Revenues from fees and charges are measured at fair value of consideration received or receivable. The revenue is derived from the provision of services to Funds SA's investors (being SA Government entities) on a cost recovery basis. This revenue is recognised upon delivery of the service to the investors.

Note 2 Summary of Significant Accounting Policies (continued)

g) Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from Funds SA will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by Funds SA to the superannuation plan in respect of current services of current staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole-of government financial statements.

Supplies and services

Supplies and services generally represent day-to-day running costs incurred in the normal operations of Funds SA. These items are recognised as an expense in the reporting period in which they are incurred.

Depreciation and amortisation

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to leasehold improvements, while depreciation is applied to tangible assets such as computer and office equipment.

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Note 2 Summary of Significant Accounting Policies (continued)

g) Expenses (continued)

Class of Assets	Depreciation Method	Useful Life (Years)
Leasehold Improvements	Straight Line	Term of Lease
Computer and Office Equipment: <ul style="list-style-type: none">▪ Computers, hardware and software▪ Office furniture	Straight Line	3 years
	Straight Line	10 years

h) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Funds SA has a clearly identifiable operating cycle of 12 months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within twelve months and more than twelve months, Funds SA has separately disclosed the amounts expected to be recovered or settled after more than twelve months.

i) Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents recorded in the Statement of Financial Position includes cash on hand and at bank.

Cash is measured at nominal value.

Receivables

Receivables include amounts receivable from Funds SA's investors, GST input tax credits and other accruals. Receivables arise in the normal course of providing services to the investors.

Non-current asset acquisition and recognition

Non-Current Assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Note 2 Summary of Significant Accounting Policies (continued)

i) Assets (continued)

Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

j) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Where a liability line item combines amounts expected to be settled within twelve months and more than twelve months, Funds SA has separately disclosed the amounts expected to be settled after more than twelve months.

Payables

Payables include creditors, GST payable, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of Funds SA.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employment benefits on-costs include superannuation contributions and payroll tax in respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

Leases

Funds SA has entered into an operating lease for its office premises. The lessor effectively retains substantially the entire risks and benefits incidental to ownership of the leased premises. Lease payments are recognised as an expense in the Statement of Comprehensive Income on the basis that is representative of the pattern of benefits derived from the leased premises.

Employee benefits

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value using the long term Commonwealth Government bond rate of 2.00% as the discount rate. Short-term employee benefits are measured at nominal amounts.

Note 2 Summary of Significant Accounting Policies (continued)

j) Liabilities (continued)

Salaries and wages, annual leave, skills and experience retention leave and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and the skills and experience retention leave liability are expected to be payable within twelve months and are measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

Long service leave

The liability for long service leave is measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with duration that match, as closely as possible, the estimated future cash outflows.

This calculation is consistent with Funds SA's experience of employee retention and leave taken. Based on a survey of staff, the portion of the long service leave provision expected to be taken within 12 months of the reporting date is classified as current. The remaining portion of the long service leave provision is classified as non-current.

k) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include operating commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

l) Insurance

Funds SA has arranged, through the SA Government Captive Insurance Corporation (SAICORP) (a division of SAFA), to insure all major risks of Funds SA. The excess payable under this arrangement varies depending on each class of insurance held.

Note 2 Summary of Significant Accounting Policies (continued)

m) Taxation

Funds SA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- payables, which are stated with the amount of GST included.

n) Valuation basis of investor funds under management

Note 16 provides financial statements in respect of each investor fund under the management of Funds SA for the 2015-16 financial year.

The valuation of the investments of each investor fund follows the valuation approach required under accounting standards relevant to that investor:

- For superannuation scheme investors, investments have been valued at net market value in accordance with AAS 25 *Financial Reporting by Superannuation Plans*; and
- All other investors' investments have been valued at fair value in accordance with AASB 13 *Fair Value Measurement*.

Note 3 Employee benefits costs

	2016	2015
	\$'000	\$'000
Salaries and wages	3,526	3,146
Board fees	344	363
Employment on costs	703	706
Total employee benefits costs	4,573	4,215

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:

\$145 001 to \$155 000	-	3
\$155 001 to \$165 000	2	-
\$165 001 to \$175 000	2	-
\$195 001 to \$205 000	-	2
\$215 001 to \$225 000	1	-
\$235 001 to \$245 000	-	1
\$255 001 to \$265 000	1	-
\$265 001 to \$275 000	1	-
\$315 001 to \$325 000	-	1
\$335 001 to \$345 000	-	1
\$415 001 to \$425 000	1	-
Total number of employees	8	8

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$1.828 million (\$1.751 million for 2014-15).

Note 4 Supplies and services

	2016	2015
	\$'000	\$'000
Computing and communication	216	192
Human resource expenses	136	199
Board expenses	81	209
Staff development	91	54
Subscriptions and publications	100	66
Internal audit fees	107	71
External audit fees	93	90
Travel and accommodation	178	170
Legal and advisory expenses	58	23
Office rent	281	396
Office supplies and printing	70	68
Website expenses	7	5
Investor relationship expenses	6	3
Other	61	40
Total supplies and services ⁽¹⁾	1,485	1,586

⁽¹⁾ There were no transactions with SA government entities greater than \$100,000.

The number and dollar amount of Consultancies paid/payable (included in supplies & services expense) that fell within the following bands:

	No.	2016 \$'000	No.	2015 \$'000
Below \$10,000	2	9	5	17
Above \$10,000	4	128	1	155
Total paid /payable to the consultants engaged	6	137	6	172

Note 5 Depreciation and amortisation expense

	2016 \$'000	2015 \$'000
Depreciation		
Computer and office equipment	113	108
Amortisation		
Leasehold improvements	82	26
Total depreciation and amortisation	195	134

Note 6 Auditor's remuneration

	2016 \$'000	2015 \$'000
Audit fees paid / payable to the Auditor-General's Department relating to the audit of the financial statements	93	90
Total audit fees – SA Government entities	93	90

Other Services

No other services were provided by the Auditor-General's Department.

Auditor's remuneration costs are recognised in the Statement of Comprehensive Income and included in the balance of 'external audit fees' (refer note 4).

Note 7 Property, plant and equipment

	2016 \$'000	2015 \$'000
Leasehold Improvements		
Leasehold improvements at fair value	997	638
Accumulated amortisation	(82)	(574)
Total leasehold improvements	915	64
Computer and office equipment		
Computer and office equipment at fair value	657	714
Accumulated depreciation	(294)	(598)
Total Computer and Office Equipment	363	116
Total Property Plant and Equipment	1,278	180

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of Non-Current Assets during the year ended 30 June 2016

	Leasehold improvements \$'000	Computer and office equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	64	116	180
Additions	936	381	1,317
Disposals	(3)	(21)	(24)
Depreciation and amortisation	(82)	(113)	(195)
Carrying amount at the end of the financial year	915	363	1,278

Note 7 Property, plant and equipment (continued)

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of Non-Current Assets during the year ended 30 June 2015

	Leasehold Improvements \$'000	Computer and Office Equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	29	184	213
Additions	61	40	101
Depreciation and amortisation	(26)	(108)	(134)
Carrying amount at the end of the financial year	64	116	180

FAIR VALUE HIERARCHY

Non-Financial Assets
As at 30 June 2015

Funds SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in their measurements. Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2015.

Funds SA had no valuations categorised into Levels 1 and 2.

	Level 3	Total
Fair value measurements at 30 June 2015	\$'000	\$'000
Leasehold improvements	64	64
Computer and office equipment	116	116
Total fair value measurements	180	180

FAIR VALUE HIERARCHY

Non-Financial Assets
As at 30 June 2016

Funds SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in their measurements. Fair value measurements recognised in the balance sheet are categorised into the following levels at 30 June 2016.

Funds SA had no valuations categorised into Levels 1 and 2.

	Level 3	Total
Fair value measurements at 30 June 2016	\$'000	\$'000
Leasehold improvements	915	915
Computer and office equipment	363	363
Total fair value measurements	1,278	1,278

Valuation techniques used to derive Level 3 fair values are provided at Schedule 1. Although unobservable inputs were used in determining fair value, and are subjective, Funds SA considers that the overall valuation would not be materially affected by changes to existing assumptions. There were no changes in valuation techniques during 2016. The reconciliation of fair value measurements using significant unobservable inputs (Level 3) is represented by the reconciliation of non-current assets above.

Note 8 Payables

	2016 \$'000	2015 \$'000
Current		
Creditors	105	103
GST Payable	258	138
Accrued expenses	114	150
Employment on costs	47	37
Total current payables	524	428
Non Current		
Employment on costs	80	76
Total non current payables	80	76
Total payables	604	504

Note 9 Employee Benefits

	2016 \$'000	2015 \$'000
Current		
Accrued salaries and wages	72	32
Annual leave	231	184
Long service leave*	58	29
Skills and experience retention leave	39	26
Total current employee benefits	400	271
Non-Current		
Long service leave*	890	835
Total non-current employee benefits	890	835
Total employee benefits	1,290	1,106

*AASB 119 *Employee Benefits* contains the calculation methodology for the long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave.

AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds has decreased from 2015 (3.00%) to 2016 (2.00%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes in the current financial year is an increase in the long service leave liability of \$59,204 and employee benefits expense of \$65,503. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions – a key assumption is the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4%. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Note 10 Key Management Personnel

(a) Board members

The following persons held the position of governing board member during the financial year.

Directors in office as at 30 June 2016:

Hon. Kevin Foley	Chairman	Held Director position throughout the year (appointed Chairman 9 th December 2015)
Jan McMahon	Director	Throughout the year
Kevin Crawshaw	Director	Throughout the year
Kathryn Presser	Director	Throughout the year
Robert Patterson	Director	Commenced 24 th September 2015
Jane Jeffreys	Director	Commenced 10 th December 2015
Paul Laband	Director	Commenced 21 st April 2016

Directors who ceased during the year:

James Baulderstone	Director	Ceased 30 th July 2015
Helen Nugent	Chairman	Ceased 8 th December 2015
Leigh Hall	Director	Ceased 3 rd March 2016

(b) Sub-Committees

Funds SA has established 2 sub-committees where members receive remuneration for their membership. These are:

Audit and Risk Committee

Kathryn Presser	Chairman	Held Director position throughout the year (appointed Chairman 6 th May 2016)
Kevin Crawshaw	Member	Throughout the year
Hon. Kevin Foley	Member	Commenced 14 th December 2015
Paul Laband	Member	Commenced 6 th May 2016

Directors who ceased membership of the Audit and Risk Committee during the year:

Helen Nugent	Member	Ceased 8 th December 2015
Leigh Hall	Chairman	Ceased 3 rd March 2016

Human Resources Committee

Hon. Kevin Foley	Chairman	Held Director position throughout the year (appointed Chairman 14 th December 2015)
Jan McMahon	Member	Throughout the year
Robert Patterson	Member	Commenced 14 th October 2015
Jane Jeffreys	Member	Commenced 14 th December 2015

Directors who ceased membership of the Human Resources Committee during the year:

James Baulderstone	Member	Ceased 30 th July 2015
Helen Nugent	Chairman	Ceased 8 th December 2015

Note 10 Key Management Personnel (continued)

(c) Other key management personnel

The following persons also held positions of authority and responsibility for planning, directing and controlling the activities of Funds SA, directly or indirectly during the financial year.

Jo Townsend	Chief Executive Officer
John Piteo	Chief Operating Officer

(d) Key management personnel compensation

The key management personnel are the governing board members and senior management (including the Chief Executive) who have responsibility for the strategic direction and management of Funds SA.

	2016 \$'000	2015 \$'000
Short-term employee benefits	1,049	949
Long-term employee benefits	69	175
Total	1,118	1,124

(e) Remuneration of governing board members

	Number of board members	
The number of governing board members whose remuneration received or receivable falls within the following bands:	2016	2015
Under - \$10,000	2	-
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	1	2
\$30,000 - \$39,999	3	1
\$40,000 - \$49,999	3	2
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	1	-
\$90,000 - \$99,999	-	1
Total	10	9

Note 10 Key Management Personnel (continued)

Board members remuneration includes fees, superannuation and other benefits. Directors' fees include fees paid with respect to directors' representation on the Funds SA Board and Board sub-committees. Directors' fees for the 2015-16 year were set by the Governor of South Australia. The aggregate remuneration of directors was \$344,000 (2014-15: \$363,000).

In 2015-16, the aggregate amount paid, or due and payable for Directors, to the Southern State Superannuation Scheme totalled \$215,000 (2014-15: \$177,000). In 2015-16, the periodic amounts paid, or due and payable, to private superannuation funds totalled \$5,000 (2014-15: \$12,000).

(f) Transactions with directors and director-related entities

During the 2015-16 year there were no transactions with directors or director-related entities.

Note 11 Unrecognised Contractual Commitments

Operating Lease Commitments

Funds SA's operating lease is for office accommodation. Rent is payable in arrears.

	2016 \$'000	2015 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases, are payable as follows:		
Within one year	266	268
Later than one year but not longer than five years	1,167	1,055
Later than five years	1,442	1,642
Total non-cancellable operating lease commitments	2,875	2,965

Note 12 Contingent assets and liabilities

Funds SA is not aware of any contingent assets or liabilities.

Note 13 Cash flow reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of Net Cash provided by Operating Activities to Surplus:		
Net surplus	1,189	374
Add non-cash items		
Depreciation and amortisation expense	195	134
Loss on Sale of Assets	16	-
Changes in Assets / Liabilities		
(Increase) / decrease in receivables	(74)	19
(Decrease) / increase in other current assets	15	(32)
Increase in payables	100	162
Increase in employee benefits	184	63
Net cash provided by operating activities	1,625	720

Note 14 Financial Instruments

(a) Interest Rate Risk

Funds SA's financial assets and financial liabilities are exposed to interest rate risk. The following table summarises interest rate risk for the Corporation, together with interest rate risk at balance date.

	2016 \$'000				2015 \$'000			
	Interest rate at balance date	Floating interest rate	Non interest bearing	Total	Interest rate at balance date	Floating interest rate	Non interest bearing	Total
Financial assets								
Cash	1.77%	4,100	-	4,100	2.07%	3,784	-	3,784
Receivables	-	-	796	796	-	-	722	722
Total financial assets		4,100	796	4,896		3,784	722	4,506
Financial liabilities								
Payables	-	-	90	90	-	-	15	15
Total financial liabilities		-	90	90		-	15	15

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (eg Commonwealth, State and Local Govt taxes, fees and charges; Auditor-General's Department audit fees). Where rights or obligations have their source in legislation such as levies, tax and equivalents etc they would be excluded from the disclosure. AASB 132 defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

Receivables amount disclosed here excludes prepayments as prepayments are not financial assets as defined in AASB 132 as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Interest rate and credit risk

Receivables are normally settled within 30 days. Receivables and other assets are non-interest bearing. It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand.

Note 14 Financial Instruments (continued)

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of Funds SA as it has been determined that the possible impact on the net surplus / deficit or net assets from fluctuations in interest rates is immaterial.

(b) Market risk exposure

The Administration Fee that Funds SA charges to its investors to cover its administration expenses is calculated as a percentage of average funds under management valued at market value. The market value of these funds depends upon the performance of the underlying investments, which are linked to the performance of world financial markets.

Funds SA manages this risk in two ways:

- Firstly, its Administration Fee is set at a level that conservatively allows for periods of prolonged low market values of funds under management; and
- Secondly, Funds SA has the ability to increase the Administration Fee should this action be necessary to cover administration expenses.

As Funds SA has the ability to amend the Administration Fee to ensure all administration expenses and liabilities of Funds SA are able to be satisfied as and when they fall due, the market risk is deemed to be immaterial and therefore a sensitivity analysis has not been undertaken.

(c) Maturity analysis of financial assets and liabilities

The following table discloses the maturity analysis of financial assets and financial liabilities.

	Contractual maturities 30 June 2016		Contractual maturities 30 June 2015	
	Carrying amount (\$'000)	< 1 year (\$'000)	Carrying amount (\$'000)	< 1 year (\$'000)
Financial assets				
Cash	4,100	4,100	3,784	3,784
Receivables	796	796	722	722
Total financial assets	4,896	4,896	4,506	4,506
Financial liabilities				
Payables	90	90	15	15
Total financial liabilities	90	90	15	15

Note 15 Investments in Funds SA Unit Trusts

On 20 June 2008 Funds SA established 15 unit trusts to manage the investments of Funds SA's tax-paying investors. Since that time, an additional three unit trusts have been established. A consolidated list of Funds SA's unit trusts is provided below.

Trust	Date established	Settled Sum
High Growth B Unit Trust	20 June 2008	\$10
Growth B Unit Trust	20 June 2008	\$10
Balanced B Unit Trust	20 June 2008	\$10
Moderate B Unit Trust	20 June 2008	\$10
Conservative B Unit Trust	20 June 2008	\$10
Capital Defensive B Unit Trust	20 June 2008	\$10
Cash Option B Unit Trust	20 June 2008	\$10
Australian Equities B Unit Trust	20 June 2008	\$10
International Equities B Unit Trust	20 June 2008	\$10
Property B Unit Trust	20 June 2008	\$10
Diversified Strategies Growth B Unit Trust	20 June 2008	\$10
Diversified Strategies Income A&B Unit Trust	20 June 2008	\$10
Fixed Interest A&B Unit Trust	20 June 2008	\$10
Inflation Linked Securities A&B Unit Trust	20 June 2008	\$10
Cash A&B Unit Trust	20 June 2008	\$10
Socially Responsible Investment Unit Trust	12 February 2010	\$10
Short Term Fixed Interest A&B Unit Trust	8 June 2010	\$10
Funds SA Property Holdings Trust	22 March 2016	\$10
	Total	\$180

Note 16 Investor Funds Under Management

Operation of Investment Portfolio

Funds SA operates a multi-layered unitisation structure to facilitate the administration of different investment strategies applying to the various investor funds. For the year ending 30 June 2016, Funds SA managed a number of different investment options distinguished by differing strategic asset allocations, namely:

- High Growth
- Growth
- Balanced
- Moderate
- Conservative
- Capital Defensive
- Cash
- Socially Responsible
- Motor Accident Commission.

Each investor fund holds units in an investment option, which in turn holds units in each of the asset sectors according to the strategic asset allocation for the investment option. Units are issued and redeemed periodically as transactions occur at unit prices calculated having regard to the market value of underlying investments.

Under section 26(2) of the Funds Act, Funds SA is required to “prepare separate financial statements in a form approved by the Minister in respect of each fund or authority in respect of each financial year”. In compliance with the Funds Act, the format of these financial statements has been approved by the Minister.

These investor fund financial statements are explained and disclosed below:

- Each investor fund’s allocation of total net investment income is disclosed in the Statement of Receipts and Payments. The amounts disclosed in the payments and receipts include investor placements and redemptions in investment options inclusive of switches between investment options.
- The interest which each investor fund holds in the unitised investment portfolio is disclosed in the Statement of Funds Under Management - by Investment Option.
- The indirect interest which each investor fund holds in the asset sectors is disclosed in the Statement of Funds Under Management - by Asset Sector.
- Australian Equities A, International Equities A, Property A, Diversified Strategies Growth A and Inflation Linked Securities A asset classes are available to untaxed investors only, whereas Australian Equities B, International Equities B, Property B and Diversified Strategies Growth B asset classes are available to taxed investors only. All other asset classes, with the exception of Fixed Interest (MAC), Absolute Return (MAC), Infrastructure (MAC) and Diversified Strategies Income (MAC) (which are available to the Motor Accident Commission only), are available to both untaxed and taxed investors.

Note 16 Investor Funds Under Management (continued)

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The University of Adelaide Endowment Fund	16(y)

16(a) South Australian Superannuation Scheme – Employer Contribution Accounts

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	2,868,746	2,819,414
Add: Receipts	363,670	388,888
Net Investment Income	97,082	280,749
	<u>460,752</u>	<u>669,637</u>
Less: Payments	<u>(600,200)</u>	<u>(620,305)</u>
Funds Under Management at 30 June	2,729,298	2,868,746

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	<u>2,729,298</u>	<u>2,868,746</u>
Funds Under Management at 30 June	2,729,298	2,868,746

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	653,985	687,304
International Equities A	657,750	735,017
Property A	391,713	413,074
Diversified Strategies Growth A	301,856	282,287
Inflation Linked Securities A	156,699	205,448
Long Term Fixed Interest	75,260	56,287
Diversified Strategies Income	427,458	394,681
Cash	<u>64,577</u>	<u>94,648</u>
Funds Under Management at 30 June	2,729,298	2,868,746

16(b) South Australian Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	1,442,565	1,401,995
Add: Receipts	1,840	1,080
Net Investment Income	51,844	136,287
	<u>53,684</u>	<u>137,367</u>
Less: Payments	<u>(88,450)</u>	<u>(96,797)</u>
Funds Under Management at 30 June	1,407,799	1,442,565

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	1,407,799	1,442,565
Funds Under Management at 30 June	1,407,799	1,442,565

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	337,656	345,994
International Equities A	339,600	370,013
Property A	202,244	207,945
Diversified Strategies Growth A	154,498	140,523
Inflation Linked Securities A	80,904	103,424
Long Term Fixed Interest	38,857	28,335
Diversified Strategies Income	220,699	198,685
Cash	33,341	47,646
Funds Under Management at 30 June	1,407,799	1,442,565

16(c) South Australian Superannuation Fund – New Scheme Division

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	669,463	673,265
Add: Receipts	34,196	47,839
Net Investment Income	22,668	61,349
	56,864	109,188
Less: Payments	(89,161)	(112,990)
Funds Under Management at 30 June	637,166	669,463

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	27,040	27,574
Growth A	496,941	527,848
Balanced A	42,020	42,843
Moderate A	15,375	12,758
Conservative A	25,502	29,203
Capital Defensive A	15,240	17,594
Cash A	11,905	8,288
Socially Responsible	3,143	3,355
Funds Under Management at 30 June	637,166	669,463

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	142,803	150,738
International Equities A	143,528	161,559
Property A	85,919	91,035
Diversified Strategies Growth A	62,126	57,991
Inflation Linked Securities A	40,305	51,598
Long Term Fixed Interest	19,578	15,201
Short Term Fixed Interest	10,833	12,722
Diversified Strategies Income	97,235	90,616
Cash	31,696	34,648
Socially Responsible	3,143	3,355
Funds Under Management at 30 June	637,166	669,463

16(d) Southern State Superannuation Fund

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	12,867,745	11,623,710
Add: Receipts	600,219	573,542
Net Investment Income	487,386	1,079,822
	<u>1,087,605</u>	<u>1,653,364</u>
Less: Payments	<u>(453,628)</u>	<u>(409,329)</u>
Funds Under Management at 30 June	13,501,722	12,867,745

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	943,479	919,360
Growth A	425,200	388,109
Balanced A	11,200,731	10,691,892
Moderate A	176,113	152,351
Conservative A	305,911	311,985
Capital Defensive A	167,309	165,832
Cash A	227,951	193,878
Socially Responsible	<u>55,028</u>	<u>44,338</u>
Funds Under Management at 30 June	13,501,722	12,867,745

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,840,178	2,719,066
International Equities A	2,853,231	2,926,726
Property A	1,654,139	1,583,719
Diversified Strategies Growth A	1,156,677	956,222
Inflation Linked Securities A	1,097,227	1,230,964
Long Term Fixed Interest	846,615	670,044
Short Term Fixed Interest	374,568	382,880
Diversified Strategies Income	2,038,617	1,718,376
Cash	585,442	635,410
Socially Responsible	<u>55,028</u>	<u>44,338</u>
Funds Under Management at 30 June	13,501,722	12,867,745

16(e) Super SA Retirement Investment Fund – Super SA Flexible Rollover Product

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	706,927	606,091
Add: Receipts	214,457	247,655
Net Investment Income	24,287	46,834
	<u>238,744</u>	<u>294,489</u>
Less: Payments	<u>(158,372)</u>	<u>(193,653)</u>
Funds Under Management at 30 June	787,299	706,927

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	36,398	35,196
Growth B	64,201	59,832
Balanced B	346,104	320,903
Moderate B	97,418	87,762
Conservative B	93,464	82,554
Capital Defensive B	69,504	55,813
Cash B	64,986	50,717
Socially Responsible	15,224	14,150
Funds Under Management at 30 June	787,299	706,927

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	138,379	128,507
International Equities B	117,792	118,402
Property B	79,096	53,570
Diversified Strategies Growth B	39,024	32,684
Inflation Linked Securities B	71,112	71,232
Long Term Fixed Interest	51,343	41,228
Short Term Fixed Interest	50,366	45,358
Diversified Strategies Income	122,519	99,636
Cash	102,444	102,160
Socially Responsible	15,224	14,150
Funds Under Management at 30 June	787,299	706,927

16(f) Super SA Retirement Investment Fund – Super SA Income Stream

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	1,950,240	1,420,601
Add: Receipts	540,663	565,349
Net Investment Income	74,039	122,988
	<u>614,702</u>	<u>688,337</u>
Less: Payments	<u>(166,813)</u>	<u>(158,698)</u>
Funds Under Management at 30 June	2,398,129	1,950,240

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	83,732	74,797
Growth B	144,103	117,983
Balanced B	1,088,951	893,610
Moderate B	356,863	274,764
Conservative B	388,740	322,195
Capital Defensive B	162,698	128,806
Cash B	141,493	104,324
Socially Responsible	31,549	33,761
Funds Under Management at 30 June	2,398,129	1,950,240

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	427,101	352,684
International Equities B	364,261	326,333
Property B	245,724	147,703
Diversified Strategies Growth B	116,561	85,842
Inflation Linked Securities B	233,022	211,378
Long Term Fixed Interest	166,078	118,748
Short Term Fixed Interest	161,660	135,685
Diversified Strategies Income	388,852	283,693
Cash	263,321	254,413
Socially Responsible	31,549	33,761
Funds Under Management at 30 June	2,398,129	1,950,240

16(g) Parliamentary Superannuation Scheme

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	231,157	217,700
Add: Receipts	5,570	6,171
Net Investment Income	8,536	21,365
	<u>14,106</u>	<u>27,536</u>
Less: Payments	<u>(10,356)</u>	<u>(14,079)</u>
Funds Under Management at 30 June	234,907	231,157

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	3,002	2,616
Growth A	217,114	216,195
Balanced A	13,130	10,797
Moderate A	460	266
Capital Defensive A	361	307
Cash A	-	333
Socially Responsible	840	643
Funds Under Management at 30 June	234,907	231,157

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	55,845	54,995
International Equities A	56,164	58,821
Property A	33,373	32,976
Diversified Strategies Growth A	25,351	22,157
Inflation Linked Securities A	13,732	16,694
Long Term Fixed Interest	6,985	4,918
Short Term Fixed Interest	441	384
Diversified Strategies Income	36,572	31,627
Cash	5,604	7,942
Socially Responsible	840	643
Funds Under Management at 30 June	234,907	231,157

16(h) Judges' Pension Scheme

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	225,985	210,205
Add: Receipts	4,480	4,370
Net Investment Income	8,361	20,850
	<u>12,841</u>	<u>25,220</u>
Less: Payments	<u>(9,940)</u>	<u>(9,440)</u>
Funds Under Management at 30 June	228,886	225,985

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	<u>228,886</u>	<u>225,985</u>
Funds Under Management at 30 June	228,886	225,985

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	54,897	54,202
International Equities A	55,213	57,964
Property A	32,882	32,575
Diversified Strategies Growth A	25,119	22,014
Inflation Linked Securities A	13,154	16,202
Long Term Fixed Interest	6,318	4,439
Diversified Strategies Income	35,882	31,125
Cash	<u>5,421</u>	<u>7,464</u>
Funds Under Management at 30 June	228,886	225,985

16(i) Governors' Pension Scheme

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	941	1,086
Add: Receipts	10	-
Net Investment Income	27	100
	<u>37</u>	<u>100</u>
Less: Payments	<u>(275)</u>	<u>(245)</u>
Funds Under Management at 30 June	703	941

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	703	941
Funds Under Management at 30 June	703	941

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	169	226
International Equities A	170	241
Property A	101	136
Diversified Strategies Growth A	77	92
Inflation Linked Securities A	40	67
Long Term Fixed Interest	19	18
Diversified Strategies Income	110	130
Cash	17	31
Funds Under Management at 30 June	703	941

16(j) South Australian Ambulance Service Superannuation Scheme

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	218,759	198,710
Add: Receipts	9,860	8,420
Net Investment Income	7,974	18,069
	<u>17,834</u>	<u>26,489</u>
Less: Payments	<u>(7,050)</u>	<u>(6,440)</u>
Funds Under Management at 30 June	229,543	218,759

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	<u>229,543</u>	<u>218,759</u>
Funds Under Management at 30 June	229,543	218,759

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	52,010	49,805
International Equities B	44,105	45,239
Property B	27,838	19,810
Diversified Strategies Growth B	16,768	14,411
Inflation Linked Securities B	20,316	22,552
Long Term Fixed Interest	20,004	16,906
Short Term Fixed Interest	5,143	5,007
Diversified Strategies Income	39,223	33,548
Cash	<u>4,136</u>	<u>11,481</u>
Funds Under Management at 30 June	229,543	218,759

16(k) Police Superannuation Scheme – Employer Contribution Account

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	938,576	832,394
Add: Receipts	64,009	59,900
Net Investment Income	35,685	85,091
	<u>99,694</u>	<u>144,991</u>
Less: Payments	<u>(42,340)</u>	<u>(38,809)</u>
Funds Under Management at 30 June	995,930	938,576

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	995,930	938,576
Funds Under Management at 30 June	995,930	938,576

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	238,871	225,114
International Equities A	240,245	240,741
Property A	143,075	135,295
Diversified Strategies Growth A	109,298	91,428
Inflation Linked Securities A	57,235	67,291
Long Term Fixed Interest	27,489	18,436
Diversified Strategies Income	156,130	129,271
Cash	23,587	31,000
Funds Under Management at 30 June	995,930	938,576

16(I) Police Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	478,969	444,083
Add: Receipts	209	-
Net Investment Income	17,765	44,066
	<u>17,974</u>	<u>44,066</u>
Less: Payments	<u>(13,153)</u>	<u>(9,180)</u>
Funds Under Management at 30 June	483,790	478,969

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	483,790	478,969
Funds Under Management at 30 June	483,790	478,969

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	116,036	114,879
International Equities A	116,703	122,854
Property A	69,501	69,043
Diversified Strategies Growth A	53,093	46,657
Inflation Linked Securities A	27,803	34,339
Long Term Fixed Interest	13,353	9,408
Diversified Strategies Income	75,843	65,969
Cash	11,458	15,820
Funds Under Management at 30 June	483,790	478,969

16(m)

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	475,937	413,902
Add: Receipts	30,000	25,000
Net Investment Income	17,693	42,035
	<u>47,693</u>	<u>67,035</u>
Less: Payments	<u>(27,500)</u>	<u>(5,000)</u>
Funds Under Management at 30 June	496,130	475,937

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	496,130	475,937
Funds Under Management at 30 June	496,130	475,937

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	119,182	114,256
International Equities A	119,968	122,388
Property A	71,142	68,487
Diversified Strategies Growth A	54,347	46,282
Inflation Linked Securities A	28,459	34,063
Long Term Fixed Interest	13,669	9,332
Diversified Strategies Income	77,634	65,437
Cash	11,729	15,692
Funds Under Management at 30 June	496,130	475,937

16(n)

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	44,983	46,719
Add: Receipts	-	-
Net Investment Income	988	3,264
	<u>988</u>	<u>3,264</u>
Less: Payments	<u>(18,000)</u>	<u>(5,000)</u>
Funds Under Management at 30 June	27,971	44,983

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	<u>27,971</u>	<u>44,983</u>
Funds Under Management at 30 June	27,971	44,983

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	3,554	5,546
International Equities A	3,525	6,247
Property A	2,597	4,160
Inflation Linked Securities A	4,403	7,963
Long Term Fixed Interest	1,082	1,337
Short Term Fixed Interest	4,838	7,876
Diversified Strategies Income	4,970	7,066
Cash	<u>3,002</u>	<u>4,788</u>
Funds Under Management at 30 June	27,971	44,983

16(o) South Australian Government Financing Authority (SAICORP – Insurance Fund 3)

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	9,083	2,470
Add: Receipts	6,500	6,300
Net Investment Income	428	313
	<u>6,928</u>	<u>6,613</u>
Less: Payments	-	-
Funds Under Management at 30 June	16,011	9,083

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	16,011	9,083
Funds Under Management at 30 June	16,011	9,083

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,034	1,120
International Equities A	2,018	1,261
Property A	1,487	840
Inflation Linked Securities A	2,521	1,608
Long Term Fixed Interest	619	270
Short Term Fixed Interest	2,769	1,590
Diversified Strategies Income	2,845	1,427
Cash	1,718	967
Funds Under Management at 30 June	16,011	9,083

16(p) Adelaide Cemeteries Authority

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	4,399	4,015
Add: Receipts	500	-
Net Investment Income	511	384
	<u>1,011</u>	<u>384</u>
Less: Payments	<u>(850)</u>	<u>-</u>
Funds Under Management at 30 June	4,560	4,399

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	3,842	3,710
Balanced A	389	-
Capital Defensive A	-	26
Cash A	329	663
Funds Under Management at 30 June	4,560	4,399

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	1,206	1,103
International Equities A	1,217	1,159
Property A	678	612
Diversified Strategies Growth A	456	361
Inflation Linked Securities A	34	3
Long Term Fixed Interest	28	1
Short Term Fixed Interest	9	9
Diversified Strategies Income	500	403
Cash	432	748
Funds Under Management at 30 June	4,560	4,399

16(q) Motor Accident Commission Compulsory Third Party Fund

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	2,059,726	2,593,486
Add: Receipts	226,000	96,000
Net Investment Income	89,053	163,240
	<u>315,053</u>	<u>259,240</u>
Less: Payments	<u>(474,500)</u>	<u>(793,000)</u>
Funds Under Management at 30 June	1,900,279	2,059,726

Statement of Funds Under Management - by Investment Option

Investment Option

Motor Accident Commission A	1,900,279	2,059,726
Funds Under Management at 30 June	1,900,279	2,059,726

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	170,299	219,757
International Equities A	166,010	216,174
Inflation Linked Securities A	-	55,281
Fixed Interest (MAC)	504,352	726,068
Diversified Strategies Income (MAC)	794,055	660,134
Infrastructure (MAC)	152,333	133,855
Absolute Return (MAC)	31,965	34,660
Cash	81,265	13,797
Funds Under Management at 30 June	1,900,279	2,059,726

16(r) South Australian Metropolitan Fire Service Superannuation Scheme

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	322,305	294,716
Add: Receipts	28,478	30,369
Net Investment Income	11,148	26,660
	<u>39,626</u>	<u>57,029</u>
Less: Payments	<u>(29,908)</u>	<u>(29,440)</u>
Funds Under Management at 30 June	332,023	322,305

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	2,026	1,908
Growth B	263,016	258,426
Balanced B	2,377	2,590
Moderate B	3,256	3,712
Conservative B	55,130	51,584
Capital Defensive B	4,568	2,748
Cash B	1,650	1,337
Funds Under Management at 30 June	332,023	322,305

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	76,547	74,200
International Equities B	67,117	68,176
Property B	43,931	33,055
Diversified Strategies Growth B	25,414	23,071
Inflation Linked Securities B	25,469	29,355
Diversified Strategies Income	57,155	49,663
Long Term Fixed Interest	15,137	12,742
Short Term Fixed Interest	11,125	10,159
Cash	10,128	21,884
Funds Under Management at 30 June	332,023	322,305

16(s) Super SA Select

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	2,697	2,000
Add: Receipts	1,060	925
Net Investment Income	97	181
	<u>1,157</u>	<u>1,106</u>
Less: Payments	<u>(642)</u>	<u>(409)</u>
Funds Under Management at 30 June	3,212	2,697

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	2,868	2,448
Cash B	344	249
Funds Under Management at 30 June	3,212	2,697

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	650	557
International Equities B	551	506
Property B	348	222
Diversified Strategies Growth B	210	161
Inflation Linked Securities B	254	252
Diversified Strategies Income	490	376
Long Term Fixed Interest	250	189
Short Term Fixed Interest	64	56
Cash	395	378
Funds Under Management at 30 June	3,212	2,697

16(t) Lifetime Support Authority

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	165,435	-
Add: Receipts	118,000	160,000
Net Investment Income	9,508	5,435
	<u>127,508</u>	<u>165,435</u>
Less: Payments	-	-
Funds Under Management at 30 June	292,943	165,435

Statement of Funds Under Management - by Investment Option

Investment Option

Moderate A	<u>292,943</u>	<u>165,435</u>
Funds Under Management at 30 June	292,943	165,435

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	47,927	27,268
International Equities A	47,875	29,889
Property A	30,096	17,005
Diversified Strategies Growth A	16,797	7,639
Inflation Linked Securities A	34,386	22,687
Diversified Strategies Income	48,962	24,365
Long Term Fixed Interest	24,344	11,559
Short Term Fixed Interest	18,606	10,738
Cash	<u>23,950</u>	<u>14,285</u>
Funds Under Management at 30 June	292,943	165,435

16(u) Health Services Charitable Gifts Board – Pool Investment

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	61,027	-
Add: Receipts	19,000	85,231
Net Investment Income	2,313	(954)
	<u>21,313</u>	<u>84,277</u>
Less: Payments	<u>(12,500)</u>	<u>(23,250)</u>
Funds Under Management at 30 June	69,840	61,027

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	10,240	-
Balanced B	40,743	41,834
Capital Defensive B	16,325	19,193
Cash B	2,532	-
	<u>69,840</u>	<u>61,027</u>
Funds Under Management at 30 June	69,840	61,027

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	12,846	10,788
International Equities B	10,745	9,880
Property B	7,300	4,383
Diversified Strategies Growth B	3,943	2,754
Inflation Linked Securities B	6,629	6,882
Diversified Strategies Income	11,623	9,468
Long Term Fixed Interest	4,877	4,134
Short Term Fixed Interest	5,680	7,168
Cash	6,197	5,570
	<u>69,840</u>	<u>61,027</u>
Funds Under Management at 30 June	69,840	61,027

16(v) Health Services Charitable Gifts Board – South Australian Health and Medical Research Institute Charitable Trust

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	12,138	-
Add: Receipts	8,279	12,462
Net Investment Income	197	(59)
	<u>8,476</u>	<u>12,403</u>
Less: Payments	<u>(12,211)</u>	<u>(265)</u>
Funds Under Management at 30 June	8,403	12,138

Statement of Funds Under Management - by Investment Option

Investment Option

Capital Defensive B	-	12,138
Cash B	8,403	-
Funds Under Management at 30 June	8,403	12,138

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	-	800
International Equities B	-	768
Property B	-	377
Inflation Linked Securities B	-	1,626
Diversified Strategies Income	-	1,933
Long Term Fixed Interest	-	571
Short Term Fixed Interest	-	3,928
Cash	8,403	2,135
Funds Under Management at 30 June	8,403	12,138

16(w) Health Services Charitable Gifts Board – Ray and Shirl Norman Cancer Research Trust

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	6,395	-
Add: Receipts	625	6,827
Net Investment Income	240	(96)
	<u>865</u>	<u>6,731</u>
Less: Payments	<u>(750)</u>	<u>(336)</u>
Funds Under Management at 30 June	6,510	6,395

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	6,255	5,496
Cash B	255	899
Funds Under Management at 30 June	6,510	6,395

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	1,613	1,398
International Equities B	1,424	1,279
Property B	900	618
Diversified Strategies Growth B	592	480
Inflation Linked Securities B	367	409
Diversified Strategies Income	1,060	834
Long Term Fixed Interest	270	205
Cash	284	1,172
Funds Under Management at 30 June	6,510	6,395

16(x) Health Services Charitable Gifts Board – DE Brown Trust

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	-	-
Add: Receipts	291	-
Net Investment Income	10	-
	<hr/> 301	<hr/> -
Less: Payments	-	-
Funds Under Management at 30 June	<hr/> 301	<hr/> -

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative B	301	-
	<hr/>	<hr/>
Funds Under Management at 30 June	<hr/> 301	<hr/> -

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	37	-
International Equities B	31	-
Property B	27	-
Inflation Linked Securities B	48	-
Diversified Strategies Income	57	-
Long Term Fixed Interest	16	-
Short Term Fixed Interest	52	-
Cash	33	-
	<hr/>	<hr/>
Funds Under Management at 30 June	<hr/> 301	<hr/> -

16(y) The University of Adelaide Endowment Trust

Statement of Receipts and Payments

	2016 \$'000	2015 \$'000
Funds Under Management at 1 July	-	-
Add: Receipts	156,621	-
Net Investment Income	(386)	-
	<u>156,235</u>	<u>-</u>
Less: Payments	-	-
Funds Under Management at 30 June	<u>156,235</u>	<u>-</u>

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	156,235	-
	<u>156,235</u>	<u>-</u>
Funds Under Management at 30 June	<u>156,235</u>	<u>-</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	50,411	-
International Equities B	43,277	-
Property B	26,080	-
Diversified Strategies Growth B	14,790	-
Diversified Strategies Income	19,699	-
Cash	1,978	-
	<u>156,235</u>	<u>-</u>
Funds Under Management at 30 June	<u>156,235</u>	<u>-</u>