



FUNDS SA

Funds SA Annual Review 2016-17



**Government
of South Australia**

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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 2017, Funds SA had \$24,564.4 million in tax-exempt funds and \$4,637.3 million in taxable funds.

The following table details Fund SA's funds under management as at 30 June 2017.

Table 1: Net market value of assets as at 30 June 2017

	\$m
Public sector superannuation funds administered by:	
Super SA (includes \$4,817.2m defined benefit, \$16,056.2m accumulation and \$3,755.7m retirement assets)	24,629.1
Police Superannuation Board	1 673.7
Administered schemes:	
SA Metropolitan Fire Service Superannuation Scheme	367.9
SA Ambulance Service Superannuation Scheme	252.6
Approved authorities:	
Motor Accident Commission	997.3
South Australian Government Financing Authority	577.9
Lifetime Support Authority	440.4
The University of Adelaide	173.8
Health Services Charitable Gifts Board	83.5
Adelaide Cemeteries Authority	5.5
Total	29,201.7

Chairman and CEO's Report

Investment performance

For the 2016-17 financial year, Funds SA's flagship Balanced and Growth (tax-exempt) funds recorded returns of 11.0% and 12.4% respectively. Our investment portfolios particularly benefited from strong performances by both Australian and global shares, with index returns of 13.8% and 18.8%. Cash and Fixed Interest sectors however produced low returns with rising long-term government interest rates creating a headwind for Fixed Interest.

Worthy of note are the strong returns post GFC. Over the past seven years, the Balanced and Growth (tax-exempt) funds have produced annualised returns of 9.5% p.a. and 10.0% p.a. respectively.

The Balanced (tax-exempt) fund, the default fund for the majority of the State's superannuation schemes, has recorded a return of 8.2% p.a. since inception on 30 June 1995. This is 5.6% ahead of the rate of inflation and well ahead of the fund's return objective.

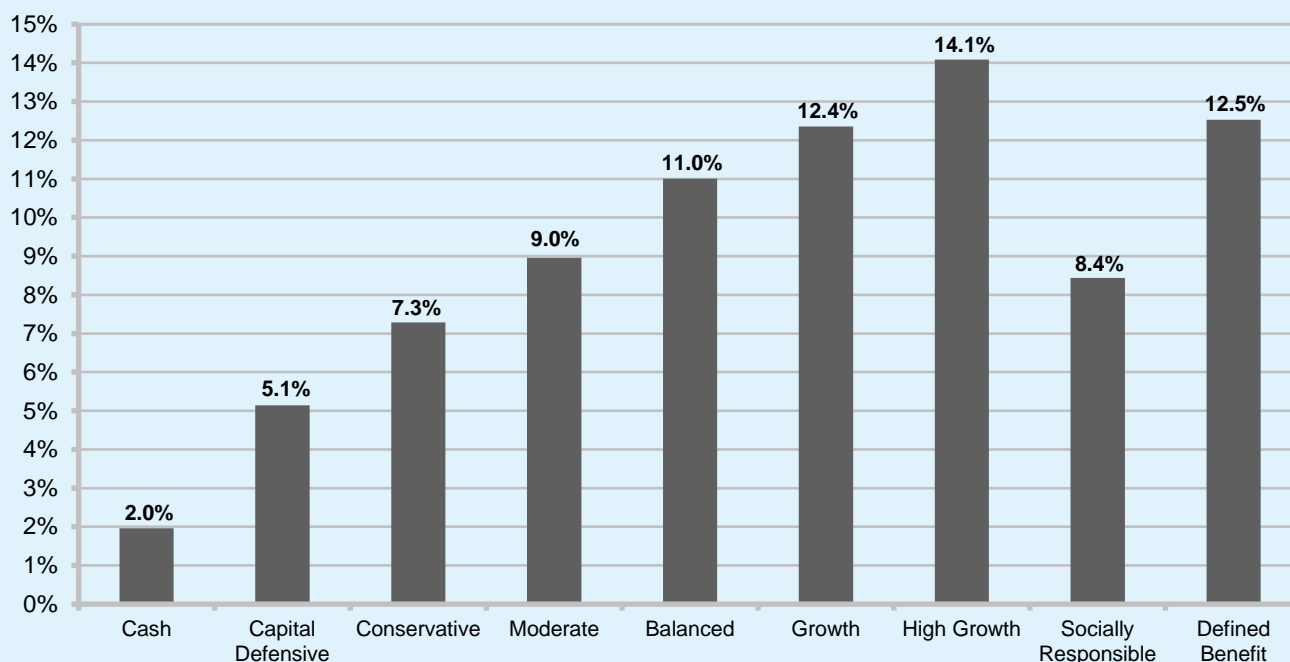
The State's Defined Benefit scheme accounts are invested in a dedicated portfolio strategy. The Defined Benefit Fund has returned 8.1% over the period 30 June 1995 – 30 June 2017, 5.5% ahead of the rate of inflation; also well ahead of the Defined Benefit fund's objective.

Over this long-term period, the investment return on the State's 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'.

Returns for Funds SA's multi-sector (tax-exempt) funds for the year ending 30 June 2017 are shown in the chart below.

Chart 1: Funds SA tax-exempt fund investment returns for year ending 30 June 2017

Returns net of fees



Investment strategy and outlook

Investors have experienced many years of strong investment market returns, driven by reductions in interest rates and risk premiums. More recently, improvements in global growth and company earnings have driven equity market performance. This may continue in the short term even as global central banks begin to wind back long-term monetary stimulus. Valuations in most asset classes are now above long-term averages, so continued earnings growth and positive economic developments are required for future returns to be strong.

Over the medium to long-term, returns are likely to be materially lower than the recent past. Funds SA has maintained its Strategic Asset Allocation, with our focus on how the portfolio may need to evolve within this environment, to achieve investment objectives. Funds SA continues to work closely with its investors to discuss the implications for their particular investment strategies.

Clients & Stakeholders

Funds SA worked closely with its clients and stakeholders during the year. We actively liaised with Super SA, Police Super and the Department of Treasury and Finance to customise the strategy for the State's various defined benefit scheme accounts that was implemented from 1 January 2017. The strategic approach for the Defined Benefit is a gradual shift towards unlisted assets, including property, private equity and infrastructure. Prior to 1 January 2017, the defined benefit liability monies were invested in the Funds SA Growth (tax-exempt) fund.

Other highlights included:

- Working with Super SA to establish the Transition to Retirement Income Stream options available from 1 July 2017.
- Partnering with Super SA to deliver member seminars.
- Actively engaging with the Lifetime Support Authority and the Motor Accident Commission to develop and implement their respective customised strategies.

We enjoy strong relationships with all clients and stakeholders, and thank them for their continuing support.

Funds SA Board

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

Funds SA Staff

We welcomed a number of new staff during the year.

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.

Funds SA's Balanced, Defined Benefit and Growth tax-exempt funds are the most growth orientated and 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. The strategy for the Defined Benefit is to gradually shift with a greater weight toward unlisted assets, including property, private equity and infrastructure. Prior to 1 January 2017, the defined benefit liability monies were invested in the Funds SA Growth (tax-exempt) fund.

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.

Table 2: Funds SA multi-sector fund objectives for period ending 30 June 2017

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%
Defined Benefit	10+ years	CPI + 4.5%	Between 4 and 6 years in 20	70% - 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, as 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.

Financial markets produced strong returns over the year, continuing low-inflationary global growth muting political volatility

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

- Global equity market performance was strong. The Japanese, Emerging and European markets produced the strongest returns, while other developed markets also produced double-digit returns
 - Commodity markets were mixed for the year. Industrial metals performed relatively well reflecting the stronger global growth environment while energy was lower because of oversupply pressures and geo-political tensions. Precious metals were weaker reflecting the shift in policy from major central banks
 - Government bonds delivered flat to negative returns due to rising bond yields over the year. Nominal bonds underperformed inflation-linked bonds, as rising inflation expectations in select regions challenged nominal bond markets
 - Most non-government debt markets delivered positive returns, with those perceived to be the highest risk, such as US High Yield and Emerging Market debt, performing the best
- Australian listed property delivered negative returns, as the prospect of rising yields resulted in investor rotation that undermined the performance of the sector. Unlisted property however performed well, supported by rising rents and valuation uplifts
- Other unlisted markets such as infrastructure and private equity remained well supported by investors seeking diversification and higher returns
 - Currencies were varied in performance. Despite the rise in official cash rates, the US dollar generally weakened against most currencies. The Australian dollar rose marginally against most major currencies but underperformed select emerging market currencies as commodity prices stabilised.

Funds SA's multi-sector funds recorded solid positive returns for the year

During the twelve month period to 30 June 2017, the strong performance of equities (Australian and international) and unlisted assets, as well as the modest performance of defensive assets, resulted in the returns of the Funds SA multi-sector funds ranging from 2% for Cash through to over 14% for High Growth.

The tables on the following page show returns achieved for periods ending 30 June 2017.

Table 3: Funds SA's multi-sector (tax-exempt) funds, investment returns to 30 June 2017

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	2.0	2.3	2.6	3.3	3.9
Capital Defensive	5.1	4.7	5.5	6.3	5.5
Conservative	7.3	5.8	7.4	7.6	5.3
Moderate	9.0	6.9	9.0	8.4	5.1
Balanced	11.0	8.0	10.5	9.5	5.0
Growth	12.4	8.7	11.4	10.0	4.8
High Growth	14.1	9.4	12.7	10.7	4.7
Defined Benefit	12.5	8.7	11.4	10.0	4.9
Socially Responsible*	8.4	6.2	10.1	8.3	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 2017

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	2.0	2.3	2.6	3.3	3.9
Capital Defensive	4.8	4.5	5.1	5.9	5.1
Conservative	7.0	5.6	7.0	7.1	4.9
Moderate	8.6	6.7	8.5	8.0	4.8
Balanced	10.6	7.7	9.9	8.9	4.5
Growth	11.8	8.3	10.8	9.4	4.4
High Growth	13.5	9.1	12.2	10.2	4.3
Socially Responsible*	8.4	6.2	10.1	8.3	n.a.

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

The majority of our funds delivered returns above their investment objectives

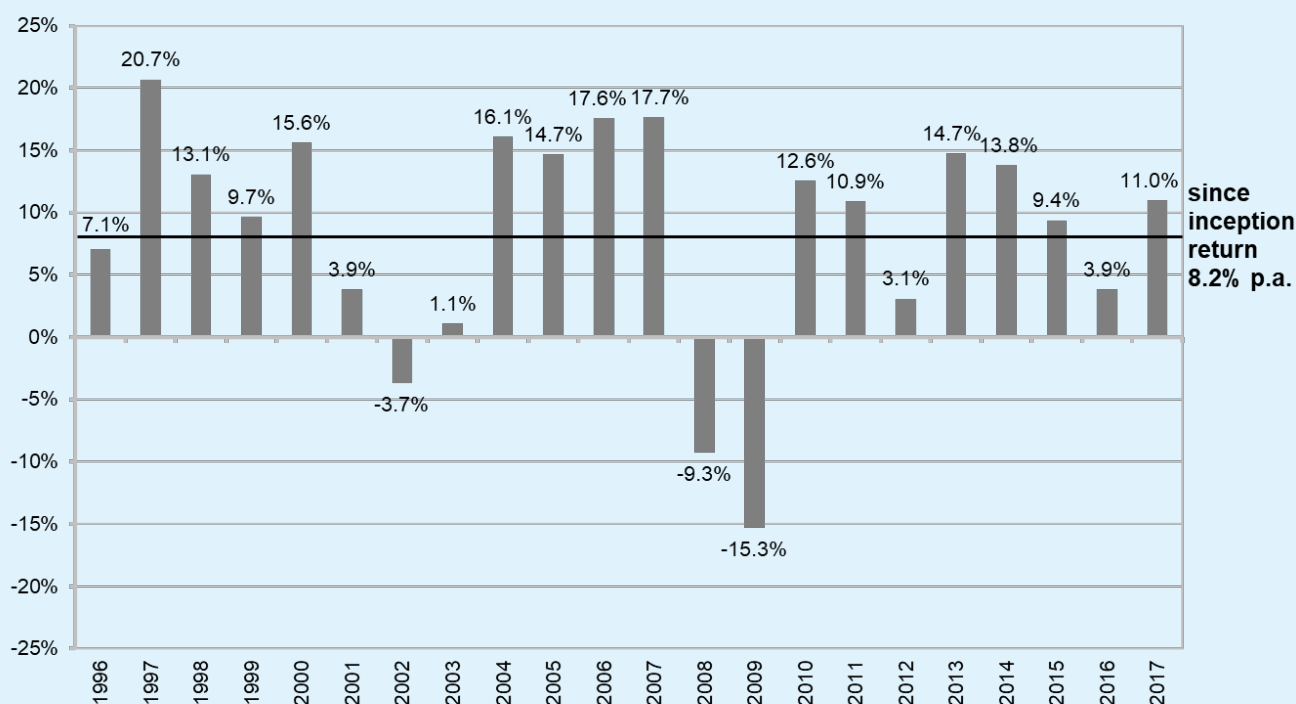
Since inception of the Balanced (tax-exempt) fund on 30 June 1995, the fund has delivered a return of 8.2% p.a. to the end of June 2017, approximately 5.6% ahead of the rate of inflation.

Over this same period, the Growth (tax-exempt) fund has delivered a return of 8.1% p.a., 5.5% 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.

Chart 2: Funds SA Balanced (tax-exempt) fund annual returns to 30 June 2017

Returns net of fees and gross of tax



Benchmark relative performance has been broadly positive over short and longer term periods

For periods ending 30 June 2017, performance was generally above benchmark across Funds SA's multi-sector funds.

Over the past 12 months, the key contributor to the Balanced (tax-exempt) fund's performance relative to benchmark was the strong active return achieved across the majority of Funds SA's single sector funds.

The Balanced (tax-exempt) fund returned 11.0% for the year ending 30 June 2017, outperforming the benchmark return of 9.3%.

The Balanced fund has also outperformed the benchmark over the longer term.

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

Annual fund performance is compared against industry surveys as a general reasonableness check on Funds SA's strategies. This comparison acknowledges that the strategies for different funds can influence performance outcomes and vary depending on the fund objectives, the requirements of the underlying membership, and differing tax arrangements. As such, comparisons should only be used as a broad guide given the difficulties associated with making 'like for like' comparisons.

The Funds SA Growth (tax-exempt) and Defined Benefit funds are the most readily comparable to such industry surveys. Funds SA's Growth and Defined Benefit performance was in line with industry benchmarks for the year, as measured by the Chant West survey; performance remains in line over the long term.

The Funds SA Balanced funds, both tax exempt and taxable, recorded performance below the survey return. As the Funds SA Balanced funds have a notably lower allocation to growth assets this performance difference is expected.

For the year ending 30 June 2017, the Growth (tax-exempt) fund adjusted for tax comparability² returned 11.2% against the Chant West industry median of 11.1%. Over the same period the Funds SA Defined Benefit fund generated a return of 11.3% against the 11.1% Chant West Growth median³

Asset allocation

The strategic asset allocations of the multi-sector funds as at 30 June 2017 are shown in the following tables. The multi-sector funds invest in common asset class (or 'single sector') funds according to the strategic asset allocation (SAA) determined for each.

The SAA is the configuration of asset classes which, if held over the long-term, has a reasonable likelihood of achieving the investment objective.

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 2017. For important information about the data provided by Chant West, refer page 31.

Table 5: Funds SA tax-exempt fund strategic asset allocations as at 30 June 2017

	Capital						High Defined	
	Cash	Defensive	Conservative	Moderate	Balanced	Growth	Growth	Benefit*
Cash	100	15	10	8	2	2	2	2
Short Term Fixed Interest		30	18	7	3	0	0	0
Long Term Fixed Interest		5	5	9	8	4	0	0
Inflation Linked Securities A		15	16	12	9	6	0	5
Diversified Strategies Income		17	18	17	16	16	12	16
Property A		6	9	10	12	14	16	15
Australian Equities A		6	12	16	21	24	30	25
International Equities A		6	12	16	21	24	30	25
Diversified Strategies Growth A		0	0	5	8	10	10	12
Total	100	100	100	100	100	100	100	100

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

* A customised strategy for the State's defined benefit scheme accounts was implemented from 1 January 2017. Prior to this date, the defined benefit scheme monies were invested in the Funds SA Growth (tax-exempt) fund. The future strategy for the defined benefit accounts is a gradual allocation shift towards unlisted assets including property, private equity and infrastructure.

Table 6: Funds SA taxable fund strategic asset allocations as at 30 June 2017

	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 investors subject to tax or those investors able to take advantage of franking credit refunds

Funds SA's fees compared to industry benchmarks for the period

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

The indirect cost ratios (ICRs) for the 2016-17 financial year, excluding performance fees, were broadly in line with the original forecasts for the period. For the 2016-17 financial year, Funds SA's Balanced and Growth (tax-exempt) funds had ICRs of 0.71% and 0.80% respectively, while for the taxable funds the ICRs were 0.66% for Balanced and 0.73% for Growth. 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 0.71% 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.

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.

⁴ Source: Chant West Pty Limited (www.chantwest.com.au). Super Fund Fee Survey June 2017. For important information about the data provided by Chant West, refer page 31.

Table 7: Funds SA asset classes

Asset class	Net Market Value* as at 30 June 2017 \$m	Investments
Cash	1,174.1	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	2,398.1	<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	2,002.9	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	4,708.8	<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 that focuses on investment grade securities.</p>
Property	3,551.6	Exposure to Australian listed and unlisted property.
Australian Equities	6,368.7	Equity exposure to companies listed on the Australian Securities Exchange.
International Equities	6,320.8	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	2,452.9	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	132.5	Funds SA manages a dedicated investment portfolio for the Motor Accident Commission, consisting of infrastructure assets.

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

Asset class performance relative to benchmark was generally positive or in line

Funds SA measures the performance of each asset class against a benchmark. The benchmarks are the relevant market index or blend of market indices, or where no reasonable market index is available, the return expected from the asset class over the medium term (expressed as a margin over cash).

For the twelve months ending 30 June 2017, the Property, Equities (Australian and international), Diversified Strategies Growth and Diversified Strategies Income asset classes strongly

outperformed their benchmarks, while the remaining asset classes' active returns were in general positive.

It should be noted that for asset classes with cash plus benchmarks, such as Diversified Strategies Income and Diversified Strategies Growth, the volatility of returns around the benchmark is likely to be high over shorter periods as the underlying assets of the portfolio are not necessarily the same as those in the benchmark.

Table 8: Funds SA asset class returns for periods ending 30 June 2017

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	2.0	2.3	2.6	3.3	3.9
Benchmark return	1.8	2.2	2.5	3.2	3.9
Short Term Fixed Interest*					
Portfolio return	1.5	2.9	3.2	4.4	n.a.
Benchmark return	1.5	3.0	3.2	4.3	n.a.
Long Term Fixed Interest					
Portfolio return	-0.8	5.1	5.6	6.8	7.3
Benchmark return	-1.7	5.7	5.8	6.6	7.2
Inflation Linked Securities A					
Portfolio return	3.1	3.2	4.1	6.1	6.0
Benchmark return	1.9	3.5	3.7	5.9	5.4
Diversified Strategies Income					
Portfolio return	6.4	4.8	6.2	7.7	7.8
Benchmark return	5.3	5.4	6.3	7.6	8.0
Property A					
Portfolio return	10.2	12.1	11.4	10.7	1.4
Benchmark return	9.4	11.8	11.1	10.4	1.0
Australian Equities A					
Portfolio return	14.8	6.9	11.9	8.5	3.3
Benchmark return	13.8	6.6	11.6	8.8	3.4
International Equities A					
Portfolio return	19.7	11.5	17.0	13.7	6.1
Benchmark return	18.6	11.1	16.1	12.9	5.7
Diversified Strategies Growth A					
Portfolio return	13.2	12.4	12.3	13.2	8.4
Benchmark return	5.9	6.3	6.6	7.2	7.9
Inflation Linked Securities B					
Portfolio return	2.8	2.9	3.7	5.4	5.4
Benchmark return	2.4	3.4	3.6	5.7	5.3
Property B					
Portfolio return	9.5	11.6	10.7	10.3	1.3
Benchmark return	9.4	11.8	11.1	10.4	1.2
Australian Equities B					
Portfolio return	15.2	7.1	11.9	8.4	2.8
Benchmark return	13.8	6.6	11.6	8.8	3.4
International Equities B					
Portfolio return	19.0	11.5	16.9	13.5	6.2
Benchmark return	18.3	11.0	16.2	12.9	5.7
Diversified Strategies Growth B					
Portfolio return	12.4	11.8	11.8	12.5	7.5
Benchmark return	5.9	6.3	6.6	7.2	7.9

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 2017.

Table 9: Appointed investment managers as at 30 June 2017

Asset class	Investment managers
Cash	Macquarie Investment Management Limited
Short Term Fixed Interest	Macquarie Investment Management Limited
Long Term Fixed Interest	BlackRock Investment Management (Australia) Limited Brandywine Global Investment Management LLC Colchester Global Investors Limited
Inflation Linked Securities	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
Diversified Strategies Growth	Adams Street Partners LLC Advent Private Capital Pty Ltd Archer Capital Pty Ltd Ardian AXA Private Equity

Asset class	Investment managers
Diversified Strategies Growth (continued)	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 Collier 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-Apollo Ventures Ltd. The Growth Fund Pty Ltd True North Management Group Warburg Pincus LLC Wilshire Associates Inc
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 Funds SA (internally managed asset)
Infrastructure (MAC)	Hastings Funds Management Limited
Socially Responsible	AMP Capital Investors Limited
Currency Management	State Street Bank and Trust Company

Portfolio changes

Funds SA's on-going performance monitoring and annual sector reviews continually re-evaluate the appropriateness of investment strategies and fund managers on a frequent basis.

Changes made to Funds SA asset classes during the 2016-17 financial year are detailed below.

Table 10: Portfolio changes during 2016-17 financial year

Asset class	Changes
Diversified Strategies Income	Termination of Funds SA's investment in the Wellington Global Total Return fund, with capital re-allocated among Funds SA's other incumbent absolute return managers.
Short-term Fixed Interest	Termination of Aberdeen and the appointment of Macquarie Investment Management as a replacement manager.
Inflation Linked Securities	Termination of Aberdeen and the appointment of Ardea Investment Management as a replacement manager.
Diversified Strategies Growth	An investment with Permira Debt Managers, focused on European direct lending, was added to the portfolio.

Environmental, social and governance factors

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

In the Socially Responsible investment option, underlying investment managers actively incorporate the consideration of ESG factors in their investment decisions, avoiding 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, AMP Capital Investors Limited.

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 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

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 2017.

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.

During the financial year to 30 June 2017, a revised authorisation from the Minister was received. The revised authorisation removed sub-classes to property investments (i.e. international equities, international fixed interest securities) such that Funds SA can now invest up to 75% of total funds under management in property (i.e. any international investment) outside of Australia.

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 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.

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 initiatives, 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 and Risk Management. Also considered was a review of the Instrument of Delegation. The Board also participated in an evaluation, carried out by the Chairman, of its collective effectiveness as well the contribution of each individual Director.

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, three potential conflicts of interest were declared at Funds SA Board meetings (and subsequently disclosed to the Minister) based on Directors' previously declared interests. The relevant Directors absented themselves from the meetings in question while the related matters were 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 that 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 discussion with the Chairman 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 collective results at a subsequent meeting.

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.

Ms Kathryn Presser chairs the Audit and Risk Committee: 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 Compliance. Also reviewed were the 2017 financial statements and valuations, 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 this 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.

For 2016-17, the Committee was chaired by the Hon Kevin Foley; other members of the committee are 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 that includes a formal annual risk assessment process i.e. risk identification through a business risk analysis with participation by each operational area; a risk analysis that determines risks greater than the minor acceptable threshold; and a risk evaluation where 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.
- 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 collateral management.

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 2016-17.

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 2016-17, 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.

Complaints

Funds SA established a formal complaints handling framework during 2016-17. During 2016-17 Funds SA received no complaints.

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 2017, 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.

As at 30 June 2017, he was 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, strategic advisor for Archer Exploration, 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 Risk 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 2017, she was Director of Iocane Pty Ltd and Jane Jeffreys Consulting. She is Chairman of the West Beach Trust, Gaming Care, Data Action Pty Ltd, 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, as well as Federal President of the Community and Public Sector Union, and Secretary of the SA Government Superannuation Federation.

Ms McMahon is Chairman of Health Partners. She is also a Director of the Super SA Board and a Director of Southern Select Super Corporation. Other directorships include Australian Central Credit Union, Australian Central Services Pty Ltd, Financial Solutions Australasia Pty Ltd, Minnie's Investments and People's Choice Community Foundation Limited.

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 was previously a non-executive Director of Argo Investments Limited as well as holding executive roles with the organisation including Company Secretary, Chief Executive and Managing Director.

As at 30 June 2017 he was a non-executive Director of 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, Westminister School Foundation Incorporated and Ardmillan Place Nominees 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 2017, Ms Presser was a Director of KP Advisory Pty Ltd, 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.

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 9 to the Corporation's financial statements for the year ended 30 June 2017.

Table 11: Meeting attendance record 2016-17

Director	Meetings Eligible to Attend				Meetings Attended			
	Board Meeting ¹	Trustee Meeting ²	Audit & Risk Committee	HR Committee	Board Meeting ¹	Trustee Meeting ²	Audit & Risk Committee	HR Committee
Mr Kevin Crawshaw	9	1	4		8	1	4	
Hon Kevin Foley	9	1	4	2	9	1	3	2
Ms Jane Jeffreys	9	1		2	9	1		2
Mr Paul Laband	9	1	4		9	1	4	
Ms Jan McMahan	9	1		2	9	1		2
Mr Robert Patterson	9	1		2	7	1		2
Ms Kathryn Presser	9	1	4		9	1	4	

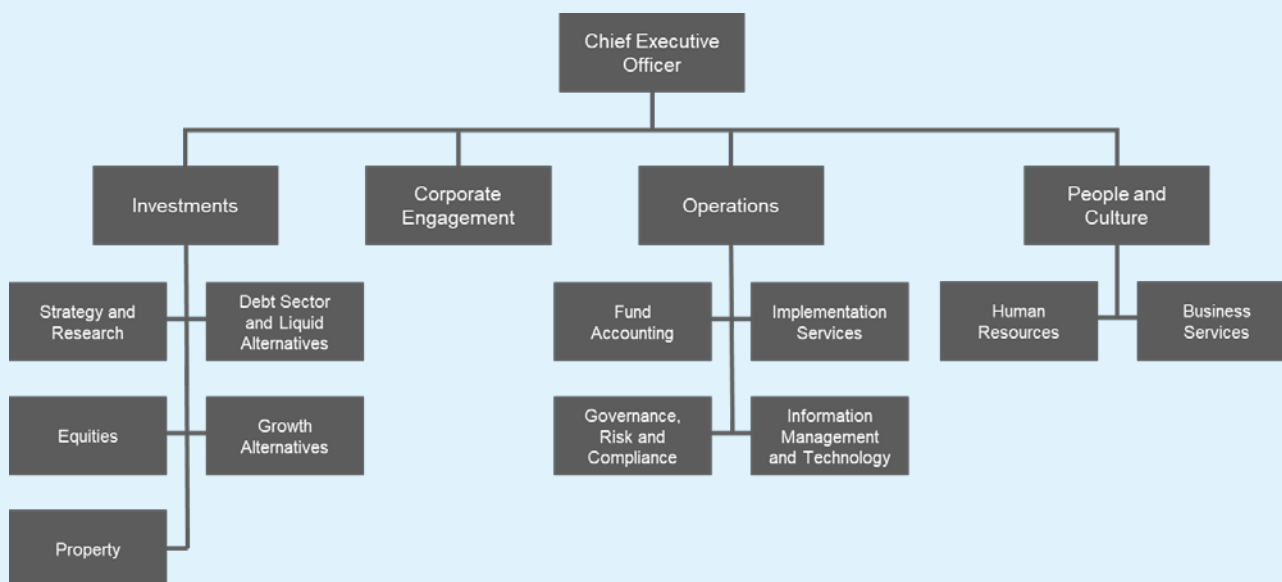
1. There were nine Board meetings held including one additional meeting.

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

Our People

Funds SA had a total of 32 employees as at 30 June 2017. Funds SA's organisational structure as at 30 June 2017 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 2017, 87.5% of staff held tertiary qualifications, and several held post-graduate qualifications including:

- One Doctorate
- Six Masters degrees
- Four Chartered Financial Analysts (CFA)
- Four Certified Investment Management Analysts (CIMA)
- Eight Graduate Diplomas
- Six Certified Practising Accountants and Chartered Accountants.

Funds SA's staff are experienced professionals. Together they have over 330 years combined experience in the finance industry.

At 30 June 2017:

- Staff averaged 7.5 years at Funds SA with 9.6 years in the finance industry.
- Investment staff averaged 8.8 years at Funds SA with 10.7 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 enables staff to remain at the forefront of their chosen field.

Funds SA's focus on the personal growth of our staff is demonstrated through a commitment to external training and development, including leadership and management training.

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 Representative.

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, ergonomic assessments and the offering of influenza vaccinations to staff each year.

In 2016-17, 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 2016-17.

Public complaints

No public complaints were received during 2016-17.

Overview of Operations Team

The Operations Team is responsible for a number of critical functions, including the efficient and effective implementation of the investment strategy, performance and client reporting, portfolio administration (including valuation and accounting), provision of ICT services and the development and execution of Funds SA's risk and compliance framework.

The Operations Team comprises four sub-teams:

- Implementation Services
- Fund Accounting
- Information Management (including ICT)
- 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.

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

- Crown Solicitor's Office – legal advice
- Ernst & Young – unit trust audit services
- Datacom Systems (SA) Pty Ltd – ICT system administration services
- Deloitte – tax advisory services
- JPMorgan Chase Bank N.A. – asset custody, investment administration and reporting 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.

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 2017, 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; 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, providing 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 2017 amounted to \$26.6 billion, representing 91.2% of total funds under management.

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.

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.

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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.

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FUNDS SA

Financial Statements for the year ending 30 June 2017

Superannuation Funds
Management Corporation
of South Australia trading
as Funds SA



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To the Chairman, Board of Directors 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 financial report of the Superannuation Funds Management Corporation of South Australia for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying 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 2017, 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.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- Schedule 1: Asset Sector Funds Under Management for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman, a Director, the Chief Executive Officer and the Chief Operating Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Superannuation Funds Management Corporation of South Australia. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

Responsibilities of the Chief Executive and Board of Directors for the financial report

The Chief Executive is 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 the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the entity is to be liquidated or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

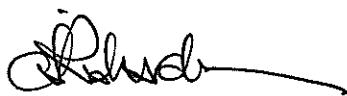
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

- conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

20 September 2017

Funds SA
Financial Statements for the year ended 30 June 2017

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 2017 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 11th September 2017.



Kathryn Presser
Chair of Audit and Risk Committee



Hon. Kevin Foley
Chairman, Board of Directors

Funds SA
Financial Statements for the year ended 30 June 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Income			
Revenues from fees and charges		8,031	7,396
Interest revenues		61	62
Total Income		8,092	7,458
Expenses			
Employee benefits costs	3	4,986	4,573
Supplies and services	4	1,670	1,485
Depreciation and amortisation expense	5	194	195
Net loss from disposal of non-current assets		-	16
Total Expenses		6,850	6,269
Net Surplus		1,242	1,189
Total Comprehensive Result		1,242	1,189
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.

Funds SA
Financial Statements for the year ended 30 June 2017

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Current Assets			
Cash and cash equivalents		5,558	4,100
Receivables		907	867
Total Current Assets		6,465	4,967
Non-Current Assets			
Property, plant and equipment	6	1,105	1,278
Investments in Funds SA Unit Trusts	16	-	-
Total Non-Current Assets		1,105	1,278
Total Assets		7,570	6,245
Current Liabilities			
Payables	7	510	524
Employee benefits	8	505	400
Total Current Liabilities		1,015	924
Non-Current Liabilities			
Payables	7	80	80
Employee benefits	8	882	890
Total Non-Current Liabilities		962	970
Total Liabilities		1,977	1,894
Net Assets		5,593	4,351
Equity			
Retained earnings		5,593	4,351
Total Equity		5,593	4,351
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.

Funds SA
Financial Statements for the year ended 30 June 2017

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

	Retained Earnings	Total
	\$'000	\$'000
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
Total comprehensive result for 2016-17	1,242	1,242
Balance at 30 June 2017	5,593	5,593

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

Funds SA
Financial Statements for the year ended 30 June 2017

STATEMENT OF CASHFLOWS

For the year ended 30 June 2017

	Note No.	2017 \$'000	2016 \$'000
Cash flows from Operating Activities			
Cash inflows			
Receipts from fees and charges		8,752	8,158
Interest received		61	61
Cash generated from operations		8,813	8,219
Cash outflows			
Employee benefit payments		(4,909)	(4,449)
Supplies and services		(1,755)	(1,821)
GST paid to the ATO		(670)	(324)
Cash used in operations		(7,334)	(6,594)
Net cash provided by operating activities	13	1,479	1,625
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		(21)	(1,317)
Cash used in investing activities		(21)	(1,317)
Net cash used in investing activities		(21)	(1,309)
Net increase in cash and cash equivalents		1,458	316
Cash and cash equivalents at the beginning of the financial year		4,100	3,784
Cash and cash equivalents at the end of the financial year		5,558	4,100

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

Funds SA

Financial Statements for the year ended 30 June 2017

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 2017, 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.

Funds SA
Financial Statements for the year ended 30 June 2017

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2017

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses) ¹ \$'000	Unrealised gains / (losses) ² \$'000	Expenses \$'000	TOTAL \$'000
Australian Equities A	224,342	102,989	409,074	(21,410)	714,995
Australian Equities B	34,286	3,947	84,894	(3,239)	119,888
International Equities A	119,532	196,354	658,270	(29,652)	944,504
International Equities B	34,122	17,874	81,198	(4,378)	128,816
Property A	165,571	-	122,186	(15,766)	271,991
Property B	21,822	-	21,733	(2,156)	41,399
Diversified Strategies Growth A	178,624	20,788	116,947	(65,506)	250,853
Diversified Strategies Growth B	14,448	1,349	18,215	(7,070)	26,942
Diversified Strategies Income	67,540	36,477	186,837	(42,558)	248,296
Inflation Linked Securities A	36,594	1,202	(20,131)	(1,932)	15,733
Inflation Linked Securities B	48,016	17,026	(21,282)	(2,401)	41,359
Long Term Fixed Interest	43,250	6,131	(56,317)	(2,865)	(9,801)
Short Term Fixed Interest	22,796	(9,293)	(2,604)	(999)	9,900
Cash	26,996	-	-	(724)	26,272
Socially Responsible	3,198	-	5,033	(666)	7,565
Absolute Return (MAC)	1	-	3,979	(539)	3,441
Infrastructure (MAC)	389	-	13,933	(1,767)	12,555
Diversified Strategies Income (MAC)	18,199	10,131	16,586	(4,840)	40,076
Fixed Interest (MAC)	14,835	(4,486)	(6,378)	(246)	3,725
TOTAL	1,074,561	400,489	1,632,173	(208,714)	2,898,509

⁽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.

Funds SA

Financial Statements for the year ended 30 June 2017

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	Unrealised gains / (losses) ² \$'000	Expenses \$'000	TOTAL \$'000
Australian Equities A	300,182	(36,601)	(229,385)	(14,038)	20,158
Australian Equities B	50,833	811	(42,458)	(2,145)	7,041
International Equities A	115,336	(124,393)	(75,301)	(27,078)	(111,436)
International Equities B	38,040	(10,432)	(37,800)	(3,611)	(13,803)
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)	114,319	(162,492)	970,023

⁽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.

Funds SA
Financial Statements for the year ended 30 June 2017
STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2017

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	5,459,925	-	-	-	1,195	(4,659)	5,456,461
Australian Equities B	281,686	650,217	-	-	283	(581)	931,605
International Equities A	4,702,773	790,213	-	35,506	1,090	(5,734)	5,523,848
International Equities B	379,196	436,452	-	5,164	1,662	(658)	821,816
Property A	28	3,036,122	-	-	7,482	(380)	3,043,252
Property B	-	502,016	-	-	6,355	(77)	508,294
Diversified Strategies Growth A	-	2,151,538	-	24,128	5,302	(608)	2,180,360
Diversified Strategies Growth B	-	261,558	-	2,713	8,278	(89)	272,460
Diversified Strategies Income	1,928,029	2,347,022	-	45,576	3,046	(13,208)	4,310,465
Inflation Linked Securities A	-	-	390,297	-	755	(206)	390,846
Inflation Linked Securities B	1,350,699	257,627	-	-	4,246	(518)	1,612,054
Long Term Fixed Interest	1,383,672	-	-	-	346	(852)	1,383,166
Short Term Fixed Interest	744,601	-	-	-	2,165	(109)	746,657
Cash	-	1,173,841	-	-	360	(81)	1,174,120
Socially Responsible	-	91,544	-	-	7	(29)	91,522
Absolute Return (MAC)	-	-	-	-	196	(195)	1
Infrastructure (MAC)	-	132,498	-	-	1	(16)	132,483
Diversified Strategies Income (MAC)	263,353	135,397	2,057	-	497	(2,982)	398,322
Fixed Interest (MAC)	268,215	-	-	-	63	(68)	268,210
TOTAL	16,762,177	11,966,045	392,354	113,087	43,329	(31,050)	29,245,942

Funds SA

Financial Statements for the year ended 30 June 2017

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

Funds SA

Financial Statements for the year ended 30 June 2017

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 2017. 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 2017.

Funds SA
Financial Statements for the year ended 30 June 2017

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2017					
Financial assets and liabilities through profit or loss	Level 1	Level 2	Level 3	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Equities A	5,460,405	-	-	(3,944)	5,456,461
Australian Equities B	281,956	650,217	-	(568)	931,605
International Equities A	4,701,998	825,721	-	(3,871)	5,523,848
International Equities B	650,513	171,654	-	(351)	821,816
Property A	7,489	438,606	2,597,516	(359)	3,043,252
Property B	6,352	66,623	435,392	(73)	508,294
Diversified Strategies Growth A	5,275	179,862	1,995,805	(582)	2,180,360
Diversified Strategies Growth B	8,275	44,462	219,809	(86)	272,460
Diversified Strategies Income	77,881	4,245,742	-	(13,158)	4,310,465
Inflation Linked Securities*	639,895	973,330	390,297	(622)	2,002,900
Long Term Fixed Interest	1,291,483	92,518	-	(835)	1,383,166
Short Term Fixed Interest	458,398	288,345	-	(86)	746,657
Cash	1,174,185	-	-	(65)	1,174,120
Socially Responsible	6	91,544	-	(28)	91,522
Absolute Return (MAC)	196	-	-	(195)	1
Infrastructure (MAC)	-	-	132,499	(16)	132,483
Diversified Strategies Income (MAC)	22,078	379,187	-	(2,943)	398,322
Fixed Interest (MAC)	133,980	134,293	-	(63)	268,210
Total	14,920,365	8,582,104	5,771,318	(27,845)	29,245,942

* 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 2017 and 2016.

Funds SA
Financial Statements for the year ended 30 June 2017

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	Level 2	Level 3	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'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.

Funds SA

Financial Statements for the year ended 30 June 2017

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 2016	Purchases	Disposals	Unrealised Gains / (Losses)	Closing Balance - 30 June 2017
Level 3 Financial Assets and Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000
Property A	2,238,318	407,265	(302,789)	254,722	2,597,516
Property B	365,910	46,743	(22,459)	45,198	435,392
Diversified Strategies Growth A	1,818,584	336,600	(178,419)	19,040	1,995,805
Diversified Strategies Growth B	178,472	49,455	(15,337)	7,219	219,809
Inflation Linked Securities*	413,944	-	-	(23,647)	390,297
Infrastructure (MAC)	152,337	-	(32,064)	12,226	132,499
Total	5,167,565	840,063	(551,068)	314,758	5,771,318

* 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.

Funds SA

Financial Statements for the year ended 30 June 2017

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.

Funds SA

Financial Statements for the year ended 30 June 2017

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 2017 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.

Funds SA

Financial Statements for the year ended 30 June 2017

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.

Funds SA
Financial Statements for the year ended 30 June 2017

**Notes to and forming part of the
Financial Statements**

Funds SA



**Government
of South Australia**

Funds SA
Financial Statements for the year ended 30 June 2017

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Funds SA

Financial Statements for the year ended 30 June 2017

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 2017, 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

Funds SA

Financial Statements for the year ended 30 June 2017

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.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 2 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*.

b) New and Revised Accounting Standards and Policies

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 2017.

AASB 15 Revenue from Contracts with Customers will apply for the first time to the 30 June 2018 financial statements. AASB 15 will replace AASB 118 and AASB 111. The revenue recognition principle in the new standard is 'when control of a good or service transfers to a customer', rather than 'where the risk and rewards of ownership reside'. Funds SA is currently assessing the impact of this standard to the financial statements, however it is not expected to have a material impact.

AASB 16 Leases will apply for the first time to the 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 \$1.96m being recognised and, over the remaining lease term, amortised.

c) 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) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies (Refer Note 14);
 - b) expenses incurred as a result of engaging consultants (Refer Note 4);

Funds SA

Financial Statements for the year ended 30 June 2017

Note 2 Significant Accounting Policies (continued)

- c) 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).

e) 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 unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis..

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 2017 and the comparative information presented.

d) 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*.

e) Rounding

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

f) 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.

g) 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 on a cost recovery basis. This revenue is recognised upon delivery of the service to the investors.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 2 Significant Accounting Policies (continued)

h) 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.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 2 Summary of Significant Accounting Policies (continued)

h) Expenses (continued)

Class of Assets	Depreciation Method	Useful Life (Years)
Leasehold Improvements	Straight Line	Term of Lease
Computer and Office Equipment:		
▪ Computers, hardware and software	Straight Line	3 years
▪ Office furniture	Straight Line	10 years

i) 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.

j) 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.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 2 Summary of Significant Accounting Policies (continued)

k) 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.

The aggregate benefits of lease incentives received by Funds SA in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight-line basis.

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 2.50% as the discount rate. Short-term employee benefits are measured at nominal amounts.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 2 Summary of Significant Accounting Policies (continued)

k) 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.

l) 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.

m) 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.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 2 Summary of Significant Accounting Policies (continued)

n) 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.

o) Valuation basis of investor funds under management

Note 17 provides financial statements in respect of each investor fund under the management of Funds SA for the 2016-17 financial year.

The valuation of the investments of each investor have been valued at fair value in accordance with *AASB 13 Fair Value Measurement*.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 3 Employee benefits costs

	2017	2016
	\$'000	\$'000
Salaries and wages	4,069	3,617
Board fees	295	279
Employment on costs	622	677
Total employee benefits costs	4,986	4,573

Remuneration of employees

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

\$147 001 to \$157 000	-	1
\$157 001 to \$167 000	2	2
\$167 001 to \$177 000	1	1
\$207 001 to \$217 000	1	1
\$257 001 to \$267 000	1	1
\$267 001 to \$277 000	1	1
\$317 001 to \$327 000	1	-
\$417 001 to \$427 000	-	1
\$467 001 to \$477 000	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 \$2.023 million (\$1.828 million for 2015-16).

Funds SA
Financial Statements for the year ended 30 June 2017

Note 4 Supplies and services

	2017	2016
	\$'000	\$'000
Computing and communication	227	216
Human resource expenses	228	136
Board expenses	38	81
Staff development	110	91
Subscriptions and publications	92	100
Internal audit fees	129	107
External audit fees ⁽¹⁾	94	93
Travel and accommodation	217	178
Legal and advisory expenses	114	58
Office rent	291	281
Office supplies and printing	64	70
Website expenses	10	7
Investor relationship expenses	11	6
Other	45	61
Total supplies and services	1,670	1,485

⁽¹⁾ Audit fees paid / payable to the Auditor-General's Department relating to work performed under the PFAA were \$94,000 (\$93,000). No other services were provided by the Auditor-General's Department.

The number and dollar amount of Consultancies paid/payable (included in supplies & services expense) that fell within the following bands:	2017		2016	
	No.	\$'000	No.	\$'000
Below \$10,000	5	25	2	9
Above \$10,000	7	251	4	128
Total paid /payable to the consultants engaged	12	276	6	137

Funds SA
Financial Statements for the year ended 30 June 2017

Note 5 Depreciation and amortisation expense

	2017	2016
	\$'000	\$'000
Depreciation		
Computer and office equipment	94	113
<hr/>		
Amortisation		
Leasehold improvements	100	82
<hr/>		
Total depreciation and amortisation	194	195
<hr/>		

Note 6 Property, plant and equipment

	2017	2016
	\$'000	\$'000
Leasehold Improvements		
Leasehold improvements at fair value	1,000	997
Accumulated amortisation	(182)	(82)
<hr/>		
Total leasehold improvements	818	915
<hr/>		
Computer and office equipment		
Computer and office equipment at fair value	674	657
Accumulated depreciation	(387)	(294)
<hr/>		
Total Computer and Office Equipment	287	363
<hr/>		
Total Property Plant and Equipment	1,105	1,278
<hr/>		

Funds SA

Financial Statements for the year ended 30 June 2017

Note 6 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 2017

	Leasehold improvements \$'000	Computer and office equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	915	363	1,278
Additions	3	18	21
Disposals	-	-	-
Depreciation and amortisation	(100)	(94)	(194)
Carrying amount at the end of the financial year	818	287	1,105

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

Fair Value Hierarchy

Funds SA categorises non-financial assets measured at fair value into a hierarchy based on the level of inputs used in their valuation at 30 June 2017.

During the year 2017 and 2016, Funds SA had no valuations categorised into Level 1 or Level 2 and there were no transfers of assets between any of the fair value hierarchy levels.

Valuation techniques used to derive Level 3 fair values are disclosed in 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 2017. The reconciliation of fair value measurements using significant unobservable inputs (Level 3) is represented by the reconciliation of non-current assets above.

Funds SA
Financial Statements for the year ended 30 June 2017

Note 7 Payables

	2017	2016
	\$'000	\$'000
Current		
Creditors	63	105
GST Payable	230	258
Accrued expenses	163	114
Employment on costs	54	47
Total current payables	510	524
Non Current		
Employment on costs	80	80
Total non current payables	80	80
Total payables	590	604

Note 8 Employee Benefits

Current		
Accrued salaries and wages	99	72
Annual leave	241	231
Long service leave*	139	58
Skills and experience retention leave	26	39
Total current employee benefits	505	400

Funds SA
Financial Statements for the year ended 30 June 2017

Note 8 Employee Benefits (continued)	2017	2016
	\$'000	\$'000
Non-Current		
Long service leave*	882	890
Total non-current employee benefits	882	890
Total employee benefits	1,387	1,290

*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 increased from 2016 (2.00%) to 2017 (2.50%).

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

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$41,500 and employee benefits expense of \$45,200. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions including 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.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 9 Key Management Personnel

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

(a) Board members

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

Directors in office as at 30 June 2017:

Director	Board	Sub-Committees ⁽¹⁾	
		Audit and Risk Committee	Human Resources Committee
Hon. Kevin Foley	Chairman	✓	Chairman
Jan McMahon	✓	-	✓
Kevin Crawshaw	✓	✓	-
Kathryn Presser	✓	Chair	-
Robert Patterson	✓	-	✓
Jane Jeffreys	✓	-	✓
Paul Laband	✓	✓	-

(1) Sub-Committees

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

(b) 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
Richard Friend	Chief Investment Officer

Funds SA
Financial Statements for the year ended 30 June 2017

Note 9 Key Management Personnel (continued)

(c) Key management personnel compensation

	2017	2016
	\$'000	\$'000
Salaries and other short-term employee benefits	1,425	1,049
Long-term employee benefits	16	69
Total	1,441	1,118

(d) Remuneration of governing board members

	Number of board members	
	2017	2016
The number of governing board members whose remuneration received or receivable falls within the following bands:		
\$0 - \$9,999	-	2
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	-	3
\$40,000 - \$49,999	5	3
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	-	1
\$90,000 - \$99,999	1	-
Total number of governing board members	7	10

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 2016-17 year were set by the Governor of South Australia. The aggregate remuneration of directors was \$367,000 (2015-16: \$344,000). Note, these amounts are also disclosed in note (c) above.

(e) Transactions with Key Management Personnel and other related parties

During the 2016-17 year there were no transactions with Key Management Personnel and other related parties.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 10 Related Party Transactions

Funds SA is controlled by the SA Government. Related parties of Funds SA include all key management personnel and their close family members, all public authorities that are consolidated into the whole of government financial statements and other interests of the Government.

Significant transactions with government related entities

Funds SA's significant transactions with government related entities are disclosed in note 17. This relates to application and redemption transactions with Funds SA's clients.

Collectively but not individually significant transactions with government related entities

Quantitative information about transactions and balances between Funds SA and other SA Government entities are disclosed in note 14.

Note 11 Unrecognised Contractual Commitments

Operating Lease Commitments

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

	2017	2016
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases, are payable as follows:		
Within one year	292	277
Later than one year but not longer than five years	1,323	1,260
Later than five years	1,276	1,631
Total non-cancellable operating lease commitments	2,891	3,168

Note 12 Contingent assets and liabilities

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

Funds SA
Financial Statements for the year ended 30 June 2017

Note 13 Cash flow reconciliation

	2017	2016
	\$'000	\$'000
Reconciliation of Net Cash provided by Operating Activities to Surplus:		
Net surplus	1,242	1,189
Add non-cash items		
Depreciation and amortisation expense	194	195
Loss on Sale of Assets	-	16
Changes in Assets / Liabilities		
(Increase) in receivables	(40)	(59)
(Decrease) / increase in payables	(14)	100
Increase in employee benefits	97	184
	<hr/>	<hr/>
Net cash provided by operating activities	1,479	1,625
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2017

Note 14 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	SA Government		Non- SA Government		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income						
Revenues from fees and charges	8,031	7,396	-	-	8,031	7,396
Expenses						
Employee benefits cost	195	175	4,791	4,398	4,986	4,573
Financial Assets						
Receivables	832	796	75	71	907	867

Funds SA

Financial Statements for the year ended 30 June 2017

Note 15 Financial Instruments

(a) Interest Rate Risk

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.

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.

Funds SA
Financial Statements for the year ended 30 June 2017

Note 15 Financial Instruments (continued)

(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 2017		Contractual maturities 30 June 2016	
	Carrying amount (\$'000)	< 1 year (\$'000)	Carrying amount (\$'000)	< 1 year (\$'000)
Financial assets				
Cash	5,558	5,558	4,100	4,100
Receivables	832	832	796	796
Total financial assets	6,390	6,390	4,896	4,896
Financial liabilities				
Payables	98	98	90	90
Total financial liabilities	98	98	90	90

Funds SA

Financial Statements for the year ended 30 June 2017

Note 16 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

Funds SA

Financial Statements for the year ended 30 June 2017

Note 17 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 2017, 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⁽¹⁾
- Lifetime Support Authority Strategy⁽¹⁾
- Defined Benefit Strategy

⁽¹⁾ These investment options are available and customised strategies available to the Motor Accident Commission and Lifetime Support Authority only.

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.

All investor holdings presented in the financial statements in this note are valued in accordance with the valuation methodology applicable to the relevant investor under Australian Accounting Standards. For the 2017 year all holdings are valued at fair value.

Comparative information for notes 17 (a) – (l), (r) and (s) has been amended as these holdings relate to Superannuation entities that previously valued assets at net market value in accordance in *AAS 25: Financial Reporting by Superannuation Plans*. AAS 25 has been replaced with *AASB 1056: Superannuation Entities* for reporting periods beginning on or after 1 July 2016. This standard requires all assets to be valued at fair value. Comparative information has been amended to adhere to these requirements.

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.

Funds SA

Financial Statements for the year ended 30 June 2017

Note 17 Investor Funds Under Management (continued)

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Health Services Charitable Gifts Board – DE Brown Trust	17 (x)
The University of Adelaide Endowment Fund	17(y)

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	2,734,331	2,870,583
Add: Receipts	3,023,148	363,670
Net Investment Income	321,807	100,278
	<u>3,344,955</u>	<u>463,948</u>
Less: Payments	<u>(3,230,858)</u>	<u>(600,200)</u>
Funds Under Management at 30 June	2,848,428	2,734,331

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	-	2,734,331
Defined Benefit Strategy	2,848,428	-
Funds Under Management at 30 June	2,848,428	2,734,331

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	741,240	656,222
International Equities A	749,871	660,546
Property A	432,406	391,713
Diversified Strategies Growth A	334,367	301,856
Inflation Linked Securities A	121,980	156,699
Long Term Fixed Interest	-	75,260
Diversified Strategies Income	433,012	427,458
Cash	35,552	64,577
Funds Under Management at 30 June	2,848,428	2,734,331

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	1,410,398	1,445,070
Add: Receipts	1,459,080	1,840
Net Investment Income	171,519	51,938
	<u>1,630,599</u>	<u>53,778</u>
Less: Payments	<u>(1,547,330)</u>	<u>(88,450)</u>
Funds Under Management at 30 June	1,493,667	1,410,398

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	-	1,410,398
Defined Benefit Strategy	1,493,667	-
Funds Under Management at 30 June	1,493,667	1,410,398

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	388,694	338,811
International Equities A	393,219	341,043
Property A	226,747	202,244
Diversified Strategies Growth A	175,336	154,499
Inflation Linked Securities A	63,964	80,904
Long Term Fixed Interest	-	38,857
Diversified Strategies Income	227,064	220,699
Cash	18,643	33,341
Funds Under Management at 30 June	1,493,667	1,410,398

Funds SA

Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017 \$'000	2016 \$'000
Funds Under Management at 1 July	638,264	670,557
Add: Receipts	25,636	34,196
Net Investment Income	71,418	22,672
	97,054	56,828
Less: Payments	(86,128)	(89,161)
Funds Under Management at 30 June	649,190	638,264

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	28,328	27,101
Growth A	508,914	497,858
Balanced A	49,368	42,089
Moderate A	18,621	15,394
Conservative A	23,179	25,526
Capital Defensive A	10,171	15,248
Cash A	8,540	11,905
Socially Responsible	2,069	3,143
	649,190	638,264
Funds Under Management at 30 June	649,190	638,264

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	150,037	143,291
International Equities A	151,945	144,138
Property A	84,943	85,919
Diversified Strategies Growth A	60,912	62,126
Inflation Linked Securities A	39,316	40,305
Long Term Fixed Interest	24,997	19,578
Short Term Fixed Interest	9,544	10,833
Diversified Strategies Income	99,166	97,235
Cash	26,261	31,696
Socially Responsible	2,069	3,143
	649,190	638,264
Funds Under Management at 30 June	649,190	638,264

Funds SA
Financial Statements for the year ended 30 June 2017

17(d) Southern State Superannuation Fund

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	13,523,567	12,887,533
Add: Receipts	621,913	600,219
Net Investment Income	1,494,060	489,443
	<u>2,115,973</u>	<u>1,089,662</u>
Less: Payments	<u>(233,352)</u>	<u>(453,628)</u>
Funds Under Management at 30 June	15,406,188	13,523,567

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	1,089,735	945,603
Growth A	520,001	425,985
Balanced A	12,791,849	11,219,066
Moderate A	245,196	176,333
Conservative A	327,553	306,207
Capital Defensive A	171,090	167,394
Cash A	213,867	227,951
Socially Responsible	46,897	55,028
	<u>15,406,188</u>	<u>13,523,567</u>
Funds Under Management at 30 June	15,406,188	13,523,567

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	3,307,080	2,849,890
International Equities A	3,347,791	2,865,363
Property A	1,819,833	1,654,139
Diversified Strategies Growth A	1,251,884	1,156,677
Inflation Linked Securities A	1,215,647	1,097,227
Long Term Fixed Interest	1,026,539	846,615
Short Term Fixed Interest	449,277	374,568
Diversified Strategies Income	2,335,913	2,038,617
Cash	605,327	585,443
Socially Responsible	46,897	55,028
	<u>15,406,188</u>	<u>13,523,567</u>
Funds Under Management at 30 June	15,406,188	13,523,567

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	787,706	707,264
Add: Receipts	270,925	214,457
Net Investment Income	71,376	24,357
	<hr/> 342,301	<hr/> 238,814
Less: Payments	(134,315)	(158,372)
Funds Under Management at 30 June	995,692	787,706

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	48,970	36,433
Growth B	91,743	64,250
Balanced B	468,079	346,334
Moderate B	125,766	97,467
Conservative B	105,630	93,498
Capital Defensive B	78,403	69,514
Cash B	64,203	64,986
Socially Responsible	12,898	15,224
	<hr/>	<hr/>
Funds Under Management at 30 June	995,692	787,706

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	188,066	138,522
International Equities B	165,904	118,057
Property B	103,140	79,095
Diversified Strategies Growth B	54,562	39,024
Inflation Linked Securities B	86,070	71,112
Long Term Fixed Interest	59,604	51,343
Short Term Fixed Interest	64,610	50,366
Diversified Strategies Income	149,252	122,519
Cash	111,586	102,444
Socially Responsible	12,898	15,224
	<hr/>	<hr/>
Funds Under Management at 30 June	995,692	787,706

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	2,399,387	1,951,169
Add: Receipts	412,776	540,663
Net Investment Income	224,984	74,368
	<hr/> 637,760	<hr/> 615,031
Less: Payments	<hr/> (275,006)	<hr/> (166,813)
Funds Under Management at 30 June	2,762,141	2,399,387
	<hr/>	<hr/>

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	91,446	83,812
Growth B	181,353	144,214
Balanced B	1,353,108	1,089,677
Moderate B	438,230	357,043
Conservative B	406,873	388,879
Capital Defensive B	153,262	162,720
Cash B	109,196	141,493
Socially Responsible	28,673	31,549
	<hr/>	<hr/>
Funds Under Management at 30 June	2,762,141	2,399,387
	<hr/>	<hr/>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	526,256	427,541
International Equities B	466,012	365,078
Property B	290,604	245,725
Diversified Strategies Growth B	148,270	116,561
Inflation Linked Securities B	257,828	233,022
Long Term Fixed Interest	177,001	166,078
Short Term Fixed Interest	188,237	161,660
Diversified Strategies Income	430,521	388,852
Cash	248,739	263,321
Socially Responsible	28,673	31,549
	<hr/>	<hr/>
Funds Under Management at 30 June	2,762,141	2,399,387
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2017

17(g) Parliamentary Superannuation Scheme

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	235,337	231,556
Add: Receipts	228,666	5,570
Net Investment Income	28,820	8,567
	<hr/> 257,486	<hr/> 14,137
Less: Payments	<hr/> (236,061)	<hr/> (10,356)
Funds Under Management at 30 June	256,762	235,337
	<hr/>	<hr/>

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	3,599	3,009
Growth A	2,961	217,515
Balanced A	14,817	13,152
Moderate A	557	460
Capital Defensive A	-	361
Cash A	405	-
Socially Responsible	985	840
Defined Benefit Strategy	233,438	-
	<hr/> 256,762	<hr/> 235,337
Funds Under Management at 30 June	256,762	235,337
	<hr/>	<hr/>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	65,865	56,037
International Equities A	66,637	56,403
Property A	38,242	33,372
Diversified Strategies Growth A	29,355	25,351
Inflation Linked Securities A	11,537	13,732
Long Term Fixed Interest	1,289	6,985
Short Term Fixed Interest	533	441
Diversified Strategies Income	38,839	36,572
Cash	3,480	5,604
Socially Responsible	985	840
	<hr/> 256,762	<hr/> 235,337
Funds Under Management at 30 June	256,762	235,337
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2017

17(h) Judges' Pension Scheme

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	229,308	226,378
Add: Receipts	244,626	4,480
Net Investment Income	28,291	8,390
	272,917	12,871
Less: Payments	(251,496)	(9,940)
Funds Under Management at 30 June	250,729	229,308

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	-	229,308
Defined Benefit Strategy	250,729	-
Funds Under Management at 30 June	250,729	229,308

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	65,247	55,085
International Equities A	66,007	55,448
Property A	38,062	32,882
Diversified Strategies Growth A	29,432	25,119
Inflation Linked Securities A	10,737	13,154
Long Term Fixed Interest	-	6,317
Diversified Strategies Income	38,115	35,882
Cash	3,129	5,421
Funds Under Management at 30 June	250,729	229,308

Funds SA
Financial Statements for the year ended 30 June 2017

17(i) Governors' Pension Scheme

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	705	943
Add: Receipts	621	10
Net Investment Income	72	27
	693	37
Less: Payments	(886)	(275)
Funds Under Management at 30 June	512	705

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	-	705
Defined Benefit Strategy	512	-
Funds Under Management at 30 June	512	705

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	133	169
International Equities A	135	171
Property A	78	101
Diversified Strategies Growth A	60	77
Inflation Linked Securities A	22	40
Long Term Fixed Interest	-	20
Diversified Strategies Income	78	110
Cash	6	17
Funds Under Management at 30 June	512	705

Funds SA
Financial Statements for the year ended 30 June 2017

17(j) South Australian Ambulance Service Superannuation Scheme

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	229,696	218,889
Add: Receipts	10,906	9,860
Net Investment Income	24,062	7,997
	34,968	17,857
Less: Payments	(11,840)	(7,050)
Funds Under Management at 30 June	252,824	229,696

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	252,824	229,696
Funds Under Management at 30 June	252,824	229,696

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	58,129	52,064
International Equities B	50,739	44,204
Property B	30,263	27,838
Diversified Strategies Growth B	19,075	16,768
Inflation Linked Securities B	21,188	20,316
Long Term Fixed Interest	19,607	20,004
Short Term Fixed Interest	7,408	5,143
Diversified Strategies Income	40,571	39,223
Cash	5,844	4,136
Funds Under Management at 30 June	252,824	229,696

Funds SA
Financial Statements for the year ended 30 June 2017

17(k) Police Superannuation Scheme – Employer Contribution Account

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	997,768	940,207
Add: Receipts	1,104,827	64,009
Net Investment Income	124,817	35,892
	1,229,644	99,901
Less: Payments	(1,080,272)	(42,340)
Funds Under Management at 30 June	1,147,140	997,768

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	-	997,768
Defined Benefit	1,147,140	-
Funds Under Management at 30 June	1,147,140	997,768

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	298,518	239,687
International Equities A	301,993	241,267
Property A	174,142	143,075
Diversified Strategies Growth A	134,659	109,298
Inflation Linked Securities A	49,125	57,235
Long Term Fixed Interest	-	27,489
Diversified Strategies Income	174,385	156,130
Cash	14,318	23,587
Funds Under Management at 30 June	1,147,140	997,768

Funds SA

Financial Statements for the year ended 30 June 2017

17(l) Police Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2017 \$'000	2016 \$'000
Funds Under Management at 1 July	484,683	479,802
Add: Receipts	507,373	209
Net Investment Income	59,811	17,825
	567,184	18,034
Less: Payments	(521,973)	(13,153)
Funds Under Management at 30 June	529,894	484,683

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	-	484,683
Defined Benefit Strategy	529,894	-
Funds Under Management at 30 June	529,894	484,683

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	137,893	116,432
International Equities A	139,499	117,200
Property A	80,441	69,501
Diversified Strategies Growth A	62,202	53,093
Inflation Linked Securities A	22,692	27,803
Long Term Fixed Interest	-	13,353
Diversified Strategies Income	80,553	75,843
Cash	6,614	11,458
Funds Under Management at 30 June	529,894	484,683

Funds SA
Financial Statements for the year ended 30 June 2017

17(m) South Australian Government Financing Authority (SAICORP – Insurance Fund 1)

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	496,130	475,937
Add: Receipts	20,000	30,000
Net Investment Income	62,011	17,693
	82,011	47,693
Less: Payments	(40,000)	(27,500)
Funds Under Management at 30 June	538,141	496,130

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	538,141	496,130
Funds Under Management at 30 June	538,141	496,130

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	131,265	119,182
International Equities A	132,953	119,968
Property A	74,218	71,142
Diversified Strategies Growth A	55,874	54,347
Inflation Linked Securities A	29,545	28,459
Long Term Fixed Interest	19,206	13,669
Diversified Strategies Income	83,847	77,634
Cash	11,233	11,729
Funds Under Management at 30 June	538,141	496,130

Funds SA
Financial Statements for the year ended 30 June 2017

17(n) South Australian Government Financing Authority (SAICORP – Insurance Fund 2)

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	27,971	44,983
Add: Receipts	-	-
Net Investment Income	2,029	988
	2,029	988
Less: Payments	(10,500)	(18,000)
Funds Under Management at 30 June	19,500	27,971

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	19,500	27,971
Funds Under Management at 30 June	19,500	27,971

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,487	3,554
International Equities A	2,513	3,525
Property A	1,727	2,597
Inflation Linked Securities A	3,015	4,403
Long Term Fixed Interest	890	1,082
Short Term Fixed Interest	3,419	4,838
Diversified Strategies Income	3,458	4,970
Cash	1,991	3,002
Funds Under Management at 30 June	19,500	27,971

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	16,011	9,083
Add: Receipts	4,000	6,500
Net Investment Income	1,246	428
	<hr/> 5,246	<hr/> 6,928
Less: Payments	<hr/> -	<hr/> -
Funds Under Management at 30 June	<hr/> 21,257	<hr/> 16,011

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	<hr/> 21,257	<hr/> 16,011
Funds Under Management at 30 June	<hr/> 21,257	<hr/> 16,011

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,711	2,034
International Equities A	2,739	2,018
Property A	1,883	1,487
Inflation Linked Securities A	3,287	2,521
Long Term Fixed Interest	970	619
Short Term Fixed Interest	3,727	2,769
Diversified Strategies Income	3,769	2,845
Cash	<hr/> 2,171	<hr/> 1,718
Funds Under Management at 30 June	<hr/> 21,257	<hr/> 16,011

Funds SA
Financial Statements for the year ended 30 June 2017

17(p) **Adelaide Cemeteries Authority**

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	4,560	4,399
Add: Receipts	730	500
Net Investment Income	624	511
	1,354	1,011
Less: Payments	(430)	(850)
Funds Under Management at 30 June	5,484	4,560

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	4,271	3,842
Balanced A	791	389
Capital Defensive A	422	-
Cash A	-	329
Funds Under Management at 30 June	5,484	4,560

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	1,507	1,206
International Equities A	1,527	1,217
Property A	800	678
Diversified Strategies Growth A	510	456
Inflation Linked Securities A	132	34
Long Term Fixed Interest	79	28
Short Term Fixed Interest	94	9
Diversified Strategies Income	685	500
Cash	150	432
Funds Under Management at 30 June	5,484	4,560

Funds SA
Financial Statements for the year ended 30 June 2017

17(q) Motor Accident Commission Compulsory Third Party Fund

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	1,900,279	2,059,726
Add: Receipts	3,000	226,000
Net Investment Income	114,874	89,053
	<u>117,874</u>	<u>315,053</u>
Less: Payments	<u>(1,020,237)</u>	<u>(474,500)</u>
Funds Under Management at 30 June	997,916	1,900,279

Statement of Funds Under Management - by Investment Option

Investment Option

Motor Accident Commission A	<u>997,916</u>	<u>1,900,279</u>
Funds Under Management at 30 June	997,916	1,900,279

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	78,128	170,299
International Equities A	80,359	166,010
Fixed Interest (MAC)	268,210	504,352
Diversified Strategies Income (MAC)	398,321	794,055
Infrastructure (MAC)	132,484	152,333
Absolute Return (MAC)	1	31,965
Cash	<u>40,413</u>	<u>81,265</u>
Funds Under Management at 30 June	997,916	1,900,279

Funds SA
Financial Statements for the year ended 30 June 2017

17(r) South Australian Metropolitan Fire Service Superannuation Scheme

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	332,251	322,497
Add: Receipts	38,761	28,478
Net Investment Income	35,320	11,184
	74,081	39,662
Less: Payments	(38,104)	(29,908)
Funds Under Management at 30 June	368,228	332,251

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	3,326	2,028
Growth B	292,821	263,219
Balanced B	3,608	2,378
Moderate B	2,681	3,257
Conservative B	56,835	55,150
Capital Defensive B	4,965	4,569
Cash B	3,992	1,650
Funds Under Management at 30 June	368,228	332,251

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	86,043	76,625
International Equities B	76,481	67,267
Property B	47,538	43,931
Diversified Strategies Growth B	28,823	25,414
Inflation Linked Securities B	26,015	25,469
Diversified Strategies Income	59,463	57,155
Long Term Fixed Interest	14,615	15,137
Short Term Fixed Interest	11,920	11,125
Cash	17,330	10,128
Funds Under Management at 30 June	368,228	332,251

Funds SA
Financial Statements for the year ended 30 June 2017

17(s) Super SA Select

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	3,214	2,698
Add: Receipts	861	1,060
Net Investment Income	305	98
	<hr/> 1,166	<hr/> 1,158
Less: Payments	<hr/> (654)	<hr/> (642)
Funds Under Management at 30 June	<hr/> 3,726	<hr/> 3,214

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	3,378	2,870
Cash B	348	344
	<hr/> 3,726	<hr/> 3,214
Funds Under Management at 30 June	<hr/> 3,726	<hr/> 3,214

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	777	651
International Equities B	678	552
Property B	404	348
Diversified Strategies Growth B	255	210
Inflation Linked Securities B	283	254
Diversified Strategies Income	542	490
Long Term Fixed Interest	262	250
Short Term Fixed Interest	99	64
Cash	426	395
	<hr/> 3,726	<hr/> 3,214
Funds Under Management at 30 June	<hr/> 3,726	<hr/> 3,214

Funds SA
Financial Statements for the year ended 30 June 2017

17(t) Lifetime Support Authority

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	292,943	165,435
Add: Receipts	115,300	118,000
Net Investment Income	32,810	9,508
	<hr/> 148,110	<hr/> 127,508
Less: Payments	<hr/> -	<hr/> -
Funds Under Management at 30 June	441,053	292,943

Statement of Funds Under Management - by Investment Option

Investment Option

Moderate A	-	292,943
Lifetime Support Authority Strategy	441,053	-
	<hr/> 441,053	<hr/> 292,943
Funds Under Management at 30 June	441,053	292,943

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	85,653	47,927
International Equities A	86,660	47,875
Property A	69,730	30,096
Diversified Strategies Growth A	45,770	16,797
Inflation Linked Securities A	32,947	34,386
Diversified Strategies Income	77,371	48,962
Long Term Fixed Interest	33,227	24,344
Short Term Fixed Interest	-	18,606
Cash	9,695	23,950
	<hr/> 441,053	<hr/> 292,943
Funds Under Management at 30 June	441,053	292,943

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	69,840	61,027
Add: Receipts	4,750	19,000
Net Investment Income	6,283	2,313
	<hr/> 11,033	<hr/> 21,313
Less: Payments	<hr/> (4,500)	<hr/> (12,500)
Funds Under Management at 30 June	<hr/> 76,373	<hr/> 69,840

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	11,451	10,240
Balanced B	40,329	40,743
Capital Defensive B	22,012	16,325
Cash B	2,581	2,532
	<hr/>	<hr/>
Funds Under Management at 30 June	<hr/> 76,373	<hr/> 69,840

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	13,795	12,846
International Equities B	12,019	10,745
Property B	7,716	7,300
Diversified Strategies Growth B	4,142	3,943
Inflation Linked Securities B	7,165	6,629
Diversified Strategies Income	12,028	11,623
Long Term Fixed Interest	4,615	4,877
Short Term Fixed Interest	7,732	5,680
Cash	7,161	6,197
	<hr/>	<hr/>
Funds Under Management at 30 June	<hr/> 76,373	<hr/> 69,840

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	8,403	12,138
Add: Receipts	-	8,279
Net Investment Income	70	197
	70	8,476
Less: Payments	(8,473)	(12,211)
Funds Under Management at 30 June	-	8,403

Statement of Funds Under Management - by Investment Option

Investment Option

Cash B	-	8,403
Funds Under Management at 30 June	-	8,403

Statement of Funds Under Management – by Asset Sector

Asset Sector

Cash	-	8,403
Funds Under Management at 30 June	-	8,403

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	6,510	6,395
Add: Receipts	-	625
Net Investment Income	732	240
	<hr/> 732	<hr/> 865
Less: Payments	(423)	(750)
Funds Under Management at 30 June	6,819	6,510
	<hr/>	<hr/>

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	6,559	6,255
Cash B	260	255
	<hr/>	<hr/>
Funds Under Management at 30 June	6,819	6,510
	<hr/>	<hr/>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	1,701	1,613
International Equities B	1,509	1,424
Property B	918	900
Diversified Strategies Growth B	630	592
Inflation Linked Securities B	357	367
Diversified Strategies Income	1,053	1,060
Long Term Fixed Interest	250	270
Cash	401	284
	<hr/>	<hr/>
Funds Under Management at 30 June	6,819	6,510
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2017

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

Statement of Receipts and Payments

	2017	2016
	\$'000	\$'000
Funds Under Management at 1 July	301	-
Add: Receipts	-	291
Net Investment Income	20	10
	<hr/> 20	<hr/> 301
Less: Payments	<hr/> (7)	<hr/> -
Funds Under Management at 30 June	<hr/> 314	<hr/> 301

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative B	<hr/> 314	<hr/> 301
Funds Under Management at 30 June	<hr/> 314	<hr/> 301

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	41	37
International Equities B	37	31
Property B	28	27
Inflation Linked Securities B	48	48
Diversified Strategies Income	56	57
Long Term Fixed Interest	15	16
Short Term Fixed Interest	56	52
Cash	<hr/> 33	<hr/> 33
Funds Under Management at 30 June	<hr/> 314	<hr/> 301

Funds SA

Financial Statements for the year ended 30 June 2017

17(y) **The University of Adelaide Endowment Trust**

Statement of Receipts and Payments

	2017 \$'000	2016 \$'000
Funds Under Management at 1 July	156,235	-
Add: Receipts	1,671	156,621
Net Investment Income	20,918	(386)
	22,589	156,235
Less: Payments	(4,860)	-
Funds Under Management at 30 June	173,964	156,235

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	173,964	156,235
Funds Under Management at 30 June	173,964	156,235

Statement of Funds Under Management – by Asset Sector

Australian Equities B	56,797	50,411
International Equities B	48,438	43,277
Property B	27,683	26,080
Diversified Strategies Growth B	16,704	14,790
Diversified Strategies Income	20,726	19,699
Cash	3,616	1,978
Funds Under Management at 30 June	173,964	156,235