



FUNDS SA

Funds SA Annual Review 2017-18



**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 2018, Funds SA had \$26,951.5 million in tax-exempt funds and \$5,318.4 million in taxable funds.

The following table details Fund SA's funds under management as at 30 June 2018.

Table 1: Net market value of assets as at 30 June 2018

	\$m
Public sector superannuation funds administered by:	
Super SA (includes \$4,977.5m defined benefit, \$17,892.7m accumulation and \$4,360.2m retirement assets)	27,230.4
Police Superannuation Board	1,852.5
Administered schemes:	
SA Metropolitan Fire Service Superannuation Scheme	398.0
SA Ambulance Service Superannuation Scheme	267.3
Approved authorities:	
Motor Accident Commission	1,012.0
South Australian Government Financing Authority	618.9
Lifetime Support Authority	597.8
The University of Adelaide	188.8
Health Services Charitable Gifts Board	97.8
Adelaide Cemeteries Authority	6.5
Total	32,270.0

Chairman and CEO's Report

Investment performance

For the 2017-18 financial year, Funds SA's two largest pools, the Balanced and Defined Benefit (tax-exempt) funds, recorded returns of 9.5% and 11.7% respectively. Our investment portfolios particularly benefited from strong performances by both Australian and global shares, with market returns of 13% and 11%. Cash and Fixed Interest sectors however produced modest but positive returns.

Worthy of note are the strong returns post the GFC. Over the past nine years, the Balanced and Defined Benefit (tax-exempt) funds have produced annualised returns of 9.8% p.a. and 10.5% 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 5.7% ahead of the rate of inflation and well ahead of the fund's return objective.

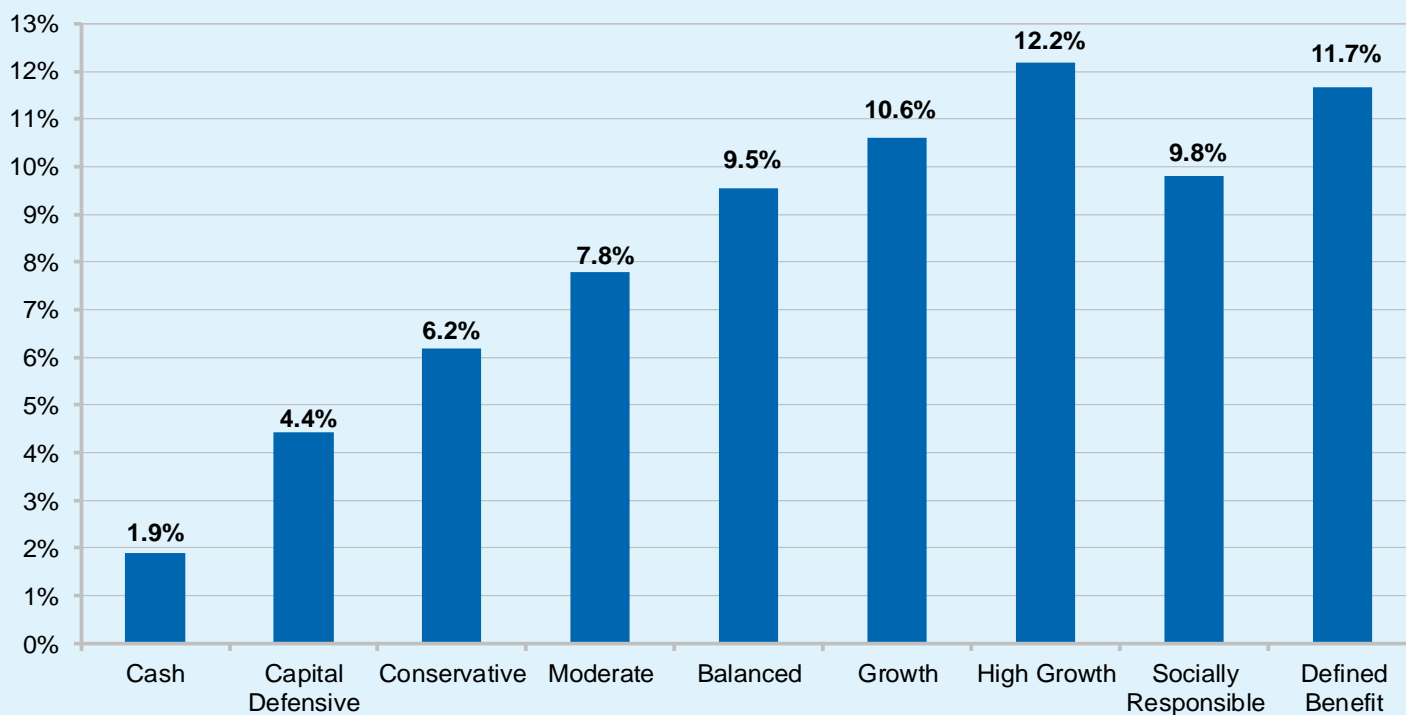
The State's Defined Benefit scheme accounts are invested in a dedicated portfolio strategy. The Defined Benefit Fund has returned 8.2% p.a. since inception on 30 June 1995, 5.7% ahead of the rate of inflation; also well ahead of the Defined Benefit fund's objective.

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 objectives.

Returns for Funds SA's multi-sector (tax-exempt) funds for the year ending 30 June 2018 are shown in the chart below.

Chart 1: Funds SA tax-exempt fund investment returns for year ending 30 June 2018

Returns net of fees



Investment strategy and outlook

Investors have experienced many years of strong investment market returns. For the 2017-18 financial year, it was a story of two halves, with a strong first half followed by a volatile six months.

Global growth over the first six months remained very supportive whilst inflation remained in check. This allowed policy makers to continue to slowly raise interest rates from very low levels. The second six months became more difficult as investors began to focus on key events including trade wars, higher US interest rates, Italian elections, falling Australian house prices and renewed emerging

market growth concerns. These concerns were not enough to derail global growth expectations and all major asset classes delivered positive returns for the financial year as a whole.

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.

Corporate Engagement

The 2017-18 financial year was particularly busy for Funds SA, with changes at board level, additional staff, and system enhancements. We remain focused on building the expertise required to manage an increasingly complex globally diversified investment portfolio and drive investment performance. Having added to the capabilities within our investment team, we now have the benefit of greater bench strength to build long-term strategy.

Throughout 2017-18, Funds SA continued to work in close partnership with its clients, to provide client-specific investment strategy and service approach. In recognition of the breadth of our client and stakeholder base, we also strengthened resources

within the corporate engagement team, developing an organisational plan to underpin increased engagement across our broader network.

Considerable activity across the funds management industry, including on-going work with national peer organisations, reinforced our strong network connections, helping to nurture insights and ideas in keeping well informed with current thinking and approaches for the challenges ahead.

We acknowledge and value the enduring alliances and relationships we enjoy with all clients and stakeholders.

Asset Consulting Arrangements

During the 2017-18 financial year, Funds SA undertook a review of its asset consulting arrangements.

In selecting an asset consultant, Funds SA stressed the importance of providing advice customised to meet its clients' bespoke needs, with the ability to adapt the consulting arrangements as Funds SA evolves.

JANA Investment Advisors were selected to become Funds SA's asset consultant, replacing Willis Towers Watson.

JANA advises a wide range of clients covering superannuation funds, insurers, foundations, endowments, charitable trusts, universities and corporate clients.

Funds SA would like to take the opportunity to acknowledge the strong relationship it has had with Willis Towers Watson over many years and their positive contribution to the investment outcomes achieved for clients.

Funds SA Board

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

In May 2018, the Board welcomed Ms. Leah York as the director nominated by the South Australian Government Superannuation Federation. Leah succeeded long-serving Board member Jan McMahon, first elected in 1999.

Subsequent to year-end, the Hon. Kevin Foley stepped down in July 2018 as Chair of the Board,

replaced by existing Board member Mr Paul Laband. At this time, Ms. Judith Smith joined the Board to fill the vacancy created by departure of the Hon. Kevin Foley.

We thank both Jan and Kevin for their considerable input and work on behalf of the organisation throughout their time on the Funds SA Board, wishing them the very best for their future endeavours.

Funds SA Staff

We welcomed a number of new staff across the organisation during the year, significantly adding to the expertise and experience of the organisation.

Funds SA prides itself on the quality, commitment, and collaborative approach of its people.

We would like to recognise the ongoing effort and professionalism of Funds SA staff, and thank them again for their contribution; they are fundamental to the success of the organisation as a global institutional investment manager

Paul Laband
Chairman

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, Growth and High 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 has gradually shifted to 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.

Table 2: Funds SA multi-sector fund objectives for period ending 30 June 2018

Funds SA multi-sector funds	Investment horizon	Return objective	Risk of a negative return ¹	Growth asset ranges ²
Cash	0+ years	Maintain value of capital	Less than 0.5 years in 20	0%
Capital Defensive	2+ years	CPI + 1.5%	Between 0.5 and 1 year in 20	15% - 35%
Conservative	4+ years	CPI + 2.0%	Between 1 and 2 years in 20	25% - 45%
Moderate	6+ years	CPI + 3.0%	Between 2 and 3 years in 20	40% - 60%
Balanced	7+ years	CPI + 3.5%	Between 3 and 4 years in 20	55% - 75%
Growth	8+ years	CPI + 4.0%	Between 3 and 4 years in 20	65% - 85%
High Growth	10+ years	CPI + 4.5%	Between 4 and 6 years in 20	75% - 100%
Socially Responsible	The Socially Responsible fund provides investors with risk and return characteristics likely to be similar to those of a growth fund and accordingly annual returns will be volatile. The risk of a negative return is between 4 and 6 years in 20.			
Defined Benefit	10+ years	CPI + 4.5%	Between 4 and 6 years in 20	70% - 100%

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 but it was a story of two halves, with a strong first half followed by a volatile six months

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

- Global equity markets performed positively. The US, Australian and other resource centric equity markets produced the strongest returns, while Chinese and European developed markets underperformed.
- Commodity markets were mixed for the year. Energy and select materials prices performed strongly reflecting the stronger global growth environment whilst precious metals and Agriculture underperformed reflecting idiosyncratic weather related factors and a stronger US dollar.
- Global government bonds delivered modest positive returns despite long term US bond yields rising. Australian government bonds outperformed, as domestic policy rates remained unchanged.
- Most non-government debt markets delivered low or negative returns, with those tied to the US and Emerging Markets underperforming.
- Australian listed property delivered strong positive returns, which were in line with the broader listed equity market, as corporate activity and underlying property valuations increased. Unlisted property continued to perform 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.
- Most global currencies were weaker vs the US dollar over the second half of the year. Higher US interest rates coupled with renewed emerging market and trade-related concerns created a strong demand for the US currency.

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

During the twelve month period to 30 June 2018, 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 1.9% for Cash through to 12.2% for High Growth.

The tables on the following page show returns achieved for periods ending 30 June 2018.

Table 3: Funds SA's multi-sector (tax-exempt) funds, investment returns to 30 June 2018

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	1.9	2.0	2.3	2.8	3.4
Capital Defensive	4.4	4.3	5.3	5.9	5.8
Conservative	6.2	5.6	6.8	7.2	6.4
Moderate	7.8	6.8	8.1	8.2	6.7
Balanced	9.5	8.1	9.5	9.3	7.0
Growth	10.6	8.9	10.3	9.9	7.2
High Growth	12.2	9.8	11.3	10.6	7.4
Socially Responsible*	9.8	6.1	8.3	8.5	n.a.
Defined Benefit	11.7	9.3	10.5	10.1	7.3

* 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 2018

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	1.9	2.0	2.3	2.8	3.4
Capital Defensive	4.2	4.1	4.9	5.5	5.5
Conservative	5.9	5.3	6.4	6.7	6.0
Moderate	7.4	6.5	7.7	7.7	6.3
Balanced	9.1	7.7	9.0	8.7	6.5
Growth	10.1	8.5	9.8	9.3	6.7
High Growth	11.7	9.4	10.9	10.1	7.1
Socially Responsible*	9.8	6.1	8.3	8.5	n.a.

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

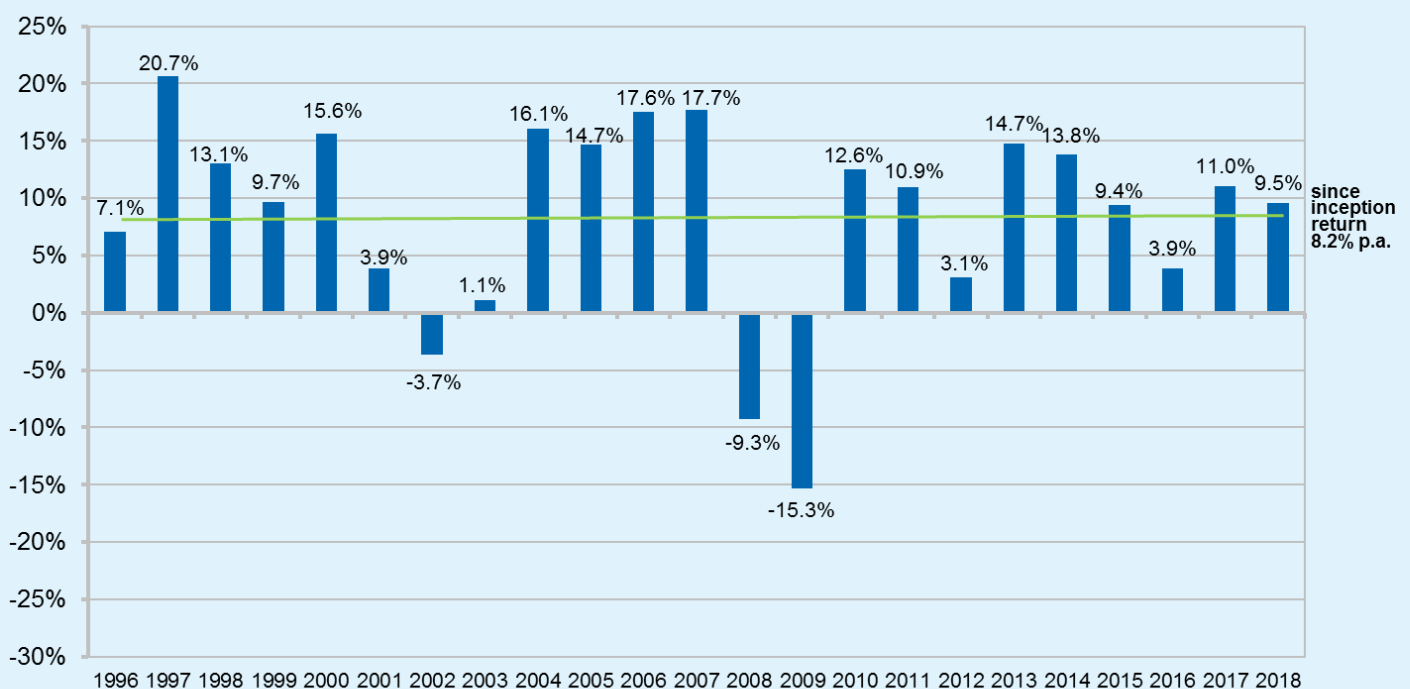
The majority of our funds delivered returns in line with or above their investment objectives

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 2018, approximately 5.7% 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 2018

Returns net of fees and gross of tax



Benchmark relative performance was generally positive over short and longer term periods

For the period ending 30 June 2018, performance was generally above benchmark across Funds SA's multi-sector funds.

The Balanced (tax-exempt) fund returned 9.5% for the year ending 30 June 2018, outperforming the benchmark return of 9.0%.

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 by the Diversified Strategies Growth asset class, with modest active returns across the majority of Funds SA's other single sector funds.

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

Performance was above the industry benchmark for the year and remains in line or above 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) is the most readily comparable to such industry surveys. Funds SA's Growth performance was above industry benchmarks for the year, as measured by the Chant West survey; performance remains above or in line over the long term.

For the year ending 30 June 2018, the Growth (tax-exempt) fund adjusted for tax comparability² returned 9.6% against the Chant West industry median of 9.2%. Over the 15 year period ending 30 June 2018, the Growth (tax-exempt) fund adjusted for tax comparability² returned 7.9% against the Chant West industry median of 7.8%.

Asset allocation

The strategic asset allocations of the multi-sector funds as at 30 June 2018 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.

Table 5: Funds SA tax-exempt fund strategic asset allocations as at 30 June 2018

	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	3
Diversified Strategies Income		17	18	17	16	16	12	15
Property A		6	9	10	12	14	16	16
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	14
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 2018

	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 2017-18 financial year, excluding performance fees, transactional and operational costs, were not significantly different from last year's forecast.

Including performance fees, transactional and operational costs for the 2017-18 financial year, Funds SA's Balanced and Growth (tax-exempt) funds had ICRs of 1.00% and 1.13% respectively. The Chant West³ Growth fund average was 0.88% which includes funds with between 61% and 80% growth assets.

The Funds SA growth orientated funds have large exposures to unlisted assets through their allocation to the Diversified Strategies Growth portfolio, which typically exhibit both higher base investment management fees and a performance fee component. These unlisted assets, whilst exhibiting higher fees, have achieved very strong active returns for the 2017-18 financial year.

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.

³ Source: Chant West Pty Limited (www.chantwest.com.au). Super Fund Fee Survey March 2018. 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 2018 \$m	Investments
Cash	1,154.0	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	3,047.2	<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	2,054.6	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	4,962.6	<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	3,960.3	Exposure to Australian listed and unlisted property.
Australian Equities	6,968.2	Equity exposure to companies listed on the Australian Securities Exchange.
International Equities	7,047.8	Equity exposure to companies listed on international stock exchanges. Includes dedicated exposures to emerging markets and small companies. A portion of the developed markets component is hedged to the Australian dollar.
Diversified Strategies Growth	2,970.7	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.

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

[^] The Socially Responsible fund does not invest in Funds SA's asset classes.

Asset class performance relative to benchmark was mixed

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). Important to note is that the portfolio return in the below table is net of fees, while the benchmark return is gross of fees.

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.

Performance for the twelve months ending 30 June 2018, is shown in the table below

Table 8: Funds SA asset class returns for periods ending 30 June 2018

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	1.9	2.0	2.3	2.8	3.4
Benchmark return	1.8	1.9	2.2	2.7	3.3
Short Term Fixed Interest*					
Portfolio return	2.5	2.5	3.0	3.9	n.a.
Benchmark return	2.3	2.4	3.0	3.9	n.a.
Long Term Fixed Interest					
Portfolio return	2.6	3.7	5.0	6.3	7.1
Benchmark return	3.0	4.2	5.5	6.2	6.9
Inflation Linked Securities A					
Portfolio return	4.2	2.9	4.5	5.6	5.8
Benchmark return	3.7	2.9	4.3	5.3	5.2
Diversified Strategies Income					
Portfolio return	1.2	3.8	5.2	6.1	7.3
Benchmark return	2.1	4.8	5.4	6.4	7.4
Property A					
Portfolio return	12.5	12.5	11.5	11.2	4.9
Benchmark return	12.3	12.1	11.4	11.0	4.5
Australian Equities A					
Portfolio return	13.5	9.4	10.1	8.8	6.3
Benchmark return	13.2	9.1	10.0	9.0	6.3
International Equities A					
Portfolio return	15.3	10.6	14.2	14.0	9.7
Benchmark return	15.7	10.4	13.9	13.2	9.3
Diversified Strategies Growth A					
Portfolio return	14.5	13.1	13.6	12.3	9.1
Benchmark return	5.9	6.0	6.3	6.8	7.4
Inflation Linked Securities B					
Portfolio return	3.8	2.7	4.0	4.9	5.1
Benchmark return	3.4	2.8	4.1	5.1	5.0
Property B					
Portfolio return	12.3	12.3	11.0	10.7	4.8
Benchmark return	12.3	12.1	11.4	11.0	4.7
Australian Equities B					
Portfolio return	13.2	9.5	10.2	8.7	6.1
Benchmark return	13.2	9.1	10.0	9.0	6.3
International Equities B					
Portfolio return	14.4	10.1	13.9	13.7	9.6
Benchmark return	15.6	10.3	13.9	13.3	9.2
Diversified Strategies Growth B					
Portfolio return	14.0	12.7	13.5	11.8	8.1
Benchmark return	5.9	6.0	6.3	6.8	7.4

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 2018.

Table 9: Appointed investment managers as at 30 June 2018

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 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 Francisco Partners Management LP Forum Partners Investment Management LLC Global Infrastructure Partners LP Goldman Sachs Asset Management LP HealthCare Royalty Partners Inflexion Private Equity Partners LLP Infrared Capital Partners Limited Lexington Partners LP LGT Capital Partners Ltd Morrison & Co Utilities Management (Australia) Pty 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 Permira Debt Managers Ltd Quadrant Private Equity Pty Limited Rialto Capital Management LLC ROC Capital Pty Limited 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 Waterland Private Equity Investment BV 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)
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 2017-18 financial year are detailed below.

Table 10: Portfolio changes during 2017-18 financial year

Asset class	Changes
Diversified Strategies Growth	New commitments were made to eight private equity funds with a primary focus on Australian mid-market private equity, global technology-focused private equity, European private equity, UK private equity and US small cap private equity.

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 Treasurer (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 2018.

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.

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 and the Australian Institute of Superannuation Trustees' Governance Code, provides a framework of structures, systems and processes to ensure accountability and transparency within and by which decisions are made within 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, include:

- Providing strong leadership and challenge
- Nominating a person to the Governor to be the CEO of the Corporation
- Conducting an annual performance evaluation of the CEO and overseeing the same process for Executive management
- Approving the Corporation's investment governance framework and overseeing its

effectiveness in delivering client and stakeholder investment strategies

- Ensuring that the views of key clients and stakeholders are considered in relevant Board decision-making
- Agreeing to the organisational and financial framework within which Funds SA operates
- Overseeing the Corporation's operations, its statutory and corporate reporting, and its controls and assurance systems
- Ensuring that the Corporation meets its legislative obligations
- Approving the Corporation's risk management framework and monitoring its risk appetite.

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 strategic, investment and operational areas 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 investment strategy for each investment product. Issues considered that were specifically of a governance nature included reviews of policies relating to Corporate Governance and Risk Management. Also considered was the Instrument of Delegation. The Board is currently participating 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, two 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

Each Funds SA Director is currently participating 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.

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 for the financial year to 30 June 2018 were 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 2018 financial statements and valuations, 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 talent management and attraction and retention approaches.
- 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 2017-18, the Committee was chaired by the Hon Kevin Foley; other members of the committee were 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 proactively identifies, manages and controls all aspects of strategic, investment, and operational risk. Funds SA's approach to risk management is approved by the Board and is consistent with applicable standards. The approach:

- Defines the risk management process for Funds SA including continuous review and assessments of risks.
- 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 Operational Risk & Compliance 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 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 2017-18.

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 2017-18, 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

During 2017-18 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 2018, 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 was 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 2018, he was a Director of Foley Advisory Pty Ltd, Board member of Autosort Pty Ltd, Strategic Advisor with Archer Exploration, Advisor / Adjunct faculty with Carnegie Mellon and Commissioner of Bask Resorts Pty Ltd.

Mr Foley has since stepped down as Director and Chairman of the Funds SA board effective 16 July 2018.

Kevin Crawshaw Independent Non-Executive Director

Mr Crawshaw was 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 and a Director of Northern Futures.

Mr Crawshaw's term ended on 1 October 2018. He was not re-elected.

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 2018, 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.

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) and Board Observer at ReturnToWorkSA.

Mr Laband was appointed as Chairman of the Board on 16 July 2018 replacing Mr Foley. He was also appointed to the Human Resources Committee and as Chairman of the Human Resources Committee on 10 August 2018.

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 2018 he was a non-executive Director of Lawguard Management Pty Ltd, Investment Committee member of The Law Society of South Australia, Coopers Brewery Foundation Incorporated, Westminster School Foundation Incorporated and Ardmillan Place Nominees Pty Ltd.

Kathryn Presser **Independent Non-Executive Director**

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

Ms Presser brings to the Board extensive experience in all aspects of financial, risk 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 2018, Ms Presser was a Director of KP Advisory Pty Ltd, Non-Executive Director of Police Credit Union SA and NT, Advisory Board Member of the South Australian Government Financing Authority, a Council Member of the University of Adelaide and Walford Anglican Girls School, and the Independent Chair of the Department of Treasury and Finance Risk and Performance Committee.

Leah York Independent Non-Executive Director

Ms York is a Director and member of the Human Resources Committee. She was appointed to the Funds SA Board in May 2018 upon the nomination of the South Australian Government Superannuation Federation.

Ms York brings to the Board expertise in law and education within both the public and not for profit sectors.

As at 30 June 2018, Ms York was the President, South Australian Government Superannuation Federation; Deputy Director, Super SA Board and the Southern Select Super Corporation Board, and Member of the Super SA Member Services Council.

Jan McMahon Previous Independent Non-Executive Director

Ms McMahon was a Director and member of the Human Resources Committee. Her original term ended on 16 July 2017 and was then reappointed for the period from 21 November 2017 to 20 February 2018. Ms McMahon stepped down as a Director of Funds SA at the end of her term on 20 February 2018.

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 4 to the Corporation's financial statements for the year ended 30 June 2018.

Table 11: Meeting attendance record 2017-18

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 ³	9	2	4	4	7	2	3	4
Hon Kevin Foley	9	2	4	5	9	1	4	5
Ms Jane Jeffreys	9	2	-	5	7	2	-	4
Mr Paul Laband	9	2	4	-	9	1	4	-
Ms Jan McMahon ⁴	2	-	-	-	2	-	-	-
Mr Robert Patterson	9	2	-	5	9	2	-	5
Ms Kathryn Presser	9	2	4	-	9	2	4	-
Ms Leah York ⁵	1	1	-	-	1	1	-	-

1. There were nine Board meetings held with one being an additional Special Board meeting.

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

3. Mr Crawshaw was appointed to the HR Committee from 11/09/2018 to 18/06/2018.

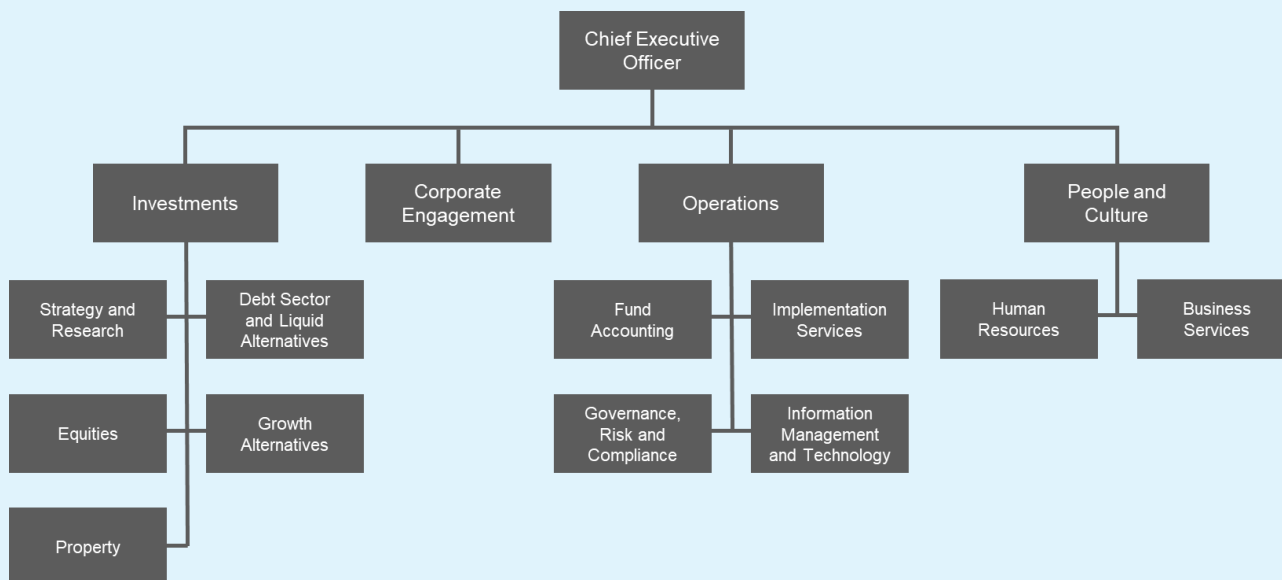
4. Ms McMahon's term on the HR Committee expired on 16/07/2017.

5. Ms York was appointed to the HR Committee from 18/06/2018 onwards.

Our People

Funds SA had a total of 40 employees as at 30 June 2018. Funds SA's organisational structure as at 30 June 2018 is shown in the chart below:

Chart 3: Funds SA organisational structure



Our Organisation

Funds SA made steady progress towards its "People" goal of **high performance culture and capabilities**.

Over the year, all employees were involved in the defining and establishment of behaviours that support Funds SA's Values. These values featured in Funds SA's first Employee Engagement Survey which achieved a significant 97% engagement score.

As our organisation has grown in size, work was undertaken to review the operational and supporting organisational structure and to provide recommendations for a functional model to promote high performance and efficiencies.

The new Funds SA Enterprise Agreement (2018) was ratified in May, with the new Agreement aligning to the new Funds SA Values, and the organisation's strategic priorities. The majority of employees are party to this Agreement and 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:

- Encourage a flexible, supportive work environment where employees 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.
- Sustain 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.

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 2018, over 90% of staff held tertiary qualifications, and several held post-graduate qualifications including:

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

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 enable staff to remain at the forefront of their chosen field.

Funds SA's focus on the professional growth of our staff is demonstrated through a commitment to internal and external training and development, including leadership and management training. The organisation's first internal Leadership and Professional Skills Program delivered in 2017-18 included all staff and focused on key capability areas of collaboration, resilience, performance management and critical thinking.

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 2017-18, 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 2017-18.

Operations

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.

- Crown Solicitor's Office – legal advice
- Datacom Systems (SA) Pty Ltd – ICT system administration services
- Deloitte – tax advisory services
- Ernst & Young – unit trust audit services
- JANA Investment Advisers – multi-sector strategy advice and manager research (from January 2018)

- 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 (June 2017 to January 2018).

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 2018, 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.

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

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

Unitisation

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

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

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

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

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FUNDS SA

Financial Statements for the year ending 30 June 2018

Superannuation Funds
Management Corporation
of South Australia trading
as Funds SA



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

**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 2018.

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 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- Schedule 1: Asset Sector Funds Under Management for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chairman, Board of Directors, the Chief Executive Officer, the Chief Operating Officer and the Chair, Audit and Risk Committee.

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 issued under the provisions of the *Public Finance and Audit Act 1987* and 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 that 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 is 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.

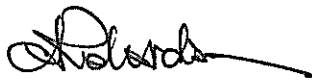
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 about, 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

18 September 2018

Funds SA
Financial Statements for the year ended 30 June 2018

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 2018 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.

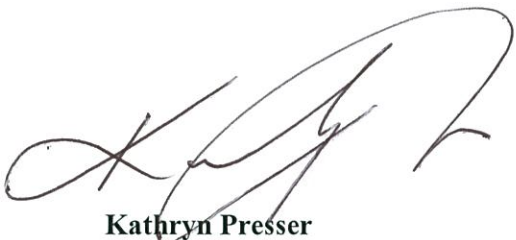


John Piteo
Chief Operating Officer



Jo Townsend
Chief Executive Officer

Approved by a resolution of the Board of Directors dated 10th September 2018.



Kathryn Presser
Chair of Audit and Risk Committee



Paul Laband
Chairman, Board of Directors

Funds SA
Financial Statements for the year ended 30 June 2018

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Income			
Revenues from fees and charges		10,161	8,031
Interest revenues		80	61
Other income		5	-
Total Income		10,246	8,092
Expenses			
Employee benefits costs	3	6,030	4,986
Supplies and services	5	2,098	1,670
Depreciation and amortisation expense	6	182	194
Total Expenses		8,310	6,850
Net Surplus		1,936	1,242
Total Comprehensive Result		1,936	1,242
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 2018

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Current Assets			
Cash and cash equivalents		5,995	5,558
Receivables		3,020	907
Total Current Assets		9,015	6,465
Non-Current Assets			
Property, plant and equipment	7	973	1,105
Investments in Funds SA Unit Trusts	16	-	-
Total Non-Current Assets		973	1,105
Total Assets		9,988	7,570
Current Liabilities			
Payables	8	891	510
Employee benefits	9	528	505
Total Current Liabilities		1,419	1,015
Non-Current Liabilities			
Payables	8	85	80
Employee benefits	9	955	882
Total Non-Current Liabilities		1,040	962
Total Liabilities		2,459	1,977
Net Assets		7,529	5,593
Equity			
Retained earnings		7,529	5,593
Total Equity		7,529	5,593
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 2018

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2018

	Retained Earnings	Total
	\$'000	\$'000
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
Total comprehensive result for 2017-18	1,936	1,936
Balance at 30 June 2018	7,529	7,529
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 2018

STATEMENT OF CASHFLOWS

For the year ended 30 June 2018

	Note No.	2018 \$'000	2017 \$'000
Cash flows from Operating Activities			
Cash inflows			
Receipts from fees and charges		9,062	8,752
Interest received		78	61
Cash generated from operations		9,140	8,813
Cash outflows			
Employee benefit payments		(5,856)	(4,909)
Supplies and services		(2,200)	(1,755)
GST paid to the ATO		(597)	(670)
Cash used in operations		(8,653)	(7,334)
Net cash provided by operating activities	13	487	1,479
Cash flows from Investing Activities			
Cash outflows			
Purchase of property, plant and equipment		(50)	(21)
Cash used in investing activities		(50)	(21)
Net cash used in investing activities		(50)	(21)
Net increase in cash and cash equivalents		437	1,458
Cash and cash equivalents at the beginning of the financial year		5,558	4,100
Cash and cash equivalents at the end of the financial year		5,995	5,558

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

Funds SA

Financial Statements for the year ended 30 June 2018

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 2018, 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 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

STATEMENT OF INCOME AND EXPENSES OF ASSETS UNDER MANAGEMENT

For the year ended 30 June 2018

Asset Sector	Rent, Interest & Dividends \$'000	Realised gains / (losses) ¹ \$'000	Unrealised gains / (losses) ² \$'000	Expenses \$'000	TOTAL \$'000
Australian Equities A	233,313	118,117	390,060	(18,818)	722,672
Australian Equities B	49,915	4,558	76,685	(5,210)	125,948
International Equities A	116,454	187,424	541,758	(28,505)	817,131
International Equities B	35,904	18,789	65,751	(4,574)	115,870
Property A	146,488	-	246,810	(16,685)	376,613
Property B	6,456	-	58,614	(2,571)	62,499
Diversified Strategies Growth A	262,069	6,126	143,177	(88,469)	322,903
Diversified Strategies Growth B	32,069	(82)	20,680	(11,629)	41,038
Diversified Strategies Income	89,870	33,224	(43,411)	(33,513)	46,170
Inflation Linked Securities A	37,389	-	(14,393)	(2,469)	20,527
Inflation Linked Securities B	47,635	10,797	4,842	(3,010)	60,264
Long Term Fixed Interest	48,025	(7,399)	503	(3,220)	37,909
Short Term Fixed Interest	23,124	(823)	(1,521)	(1,280)	19,500
Cash	25,344	-	-	(724)	24,620
Socially Responsible	5,415	-	4,377	(746)	9,046
Absolute Return (MAC)	2	-	(2)	-	-
Diversified Strategies Income (MAC)	12,150	153	(4,041)	(910)	7,352
Fixed Interest (MAC)	32,677	(7,010)	(10,292)	(543)	14,832
TOTAL	1,204,299	363,874	1,479,597	(222,876)	2,824,894

⁽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 2018

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 2018
STATEMENT OF NET ASSETS UNDER MANAGEMENT

As at 30 June 2018

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	5,894,200	-	-	-	752	(4,749)	5,890,203
Australian Equities B	331,716	767,756	-	-	213	(623)	1,099,062
International Equities A	5,297,160	872,641	-	(16,864)	966	(6,146)	6,147,757
International Equities B	440,033	491,639	-	(2,782)	170	(648)	928,412
Property A	10	3,381,213	-	-	2,478	(338)	3,383,363
Property B	-	576,521	-	-	508	(81)	576,948
Diversified Strategies Growth A	-	2,638,891	-	(37,556)	6,111	(460)	2,606,986
Diversified Strategies Growth B	-	365,414	-	(4,675)	3,014	(86)	363,667
Diversified Strategies Income	2,046,153	2,708,777	-	(54,009)	2,746	(7,050)	4,696,617
Inflation Linked Securities A	-	-	377,406	-	(2,904)	(140)	374,362
Inflation Linked Securities B	1,302,971	376,764	-	-	1,037	(538)	1,680,234
Long Term Fixed Interest	1,542,568	-	-	-	344	(750)	1,542,162
Short Term Fixed Interest	834,486	-	-	-	523	(304)	834,705
Cash	-	1,153,948	-	-	107	(55)	1,154,000
Socially Responsible	-	104,648	-	-	14	(25)	104,637
Diversified Strategies Income (MAC)	179,189	86,891	1,772	-	389	(530)	267,711
Fixed Interest (MAC)	670,378	-	-	-	21	(141)	670,258
TOTAL	18,538,864	13,525,103	379,178	(115,886)	16,489	(22,664)	32,321,084

Funds SA
Financial Statements for the year ended 30 June 2018

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 2018

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 2018. 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 2018.

Funds SA
Financial Statements for the year ended 30 June 2018

SCHEDULE 1: ASSET SECTOR FUNDS UNDER MANAGEMENT (continued)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES					
As at 30 June 2018					
Financial assets and liabilities through profit or loss	Level 1	Level 2	Level 3	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Equities A	5,894,148	-	-	(3,945)	5,890,203
Australian Equities B	328,979	767,756	-	2,327	1,099,062
International Equities A	5,291,685	855,810	-	262	6,147,757
International Equities B	800,371	128,219	-	(178)	928,412
Property A	2,459	496,399	2,884,814	(309)	3,383,363
Property B	502	75,402	501,119	(75)	576,948
Diversified Strategies Growth A	5,647	129,653	2,472,090	(404)	2,606,986
Diversified Strategies Growth B	3,004	40,289	320,450	(76)	363,667
Diversified Strategies Income	122,303	4,581,288	-	(6,974)	4,696,617
Inflation Linked Securities*	795,605	885,882	373,703	(594)	2,054,596
Long Term Fixed Interest	1,477,179	65,714	-	(731)	1,542,162
Short Term Fixed Interest	504,597	330,373	-	(265)	834,705
Cash	1,154,040	-	-	(40)	1,154,000
Socially Responsible	12	104,648	-	(23)	104,637
Diversified Strategies Income (MAC)	21,008	247,206	-	(503)	267,711
Fixed Interest (MAC)	346,074	324,311	-	(127)	670,258
Total	16,747,613	9,032,950	6,552,176	(11,655)	32,321,084

* 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 2018 and 2017.

Funds SA
Financial Statements for the year ended 30 June 2018

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.

Funds SA
Financial Statements for the year ended 30 June 2018

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.

Level 3 Financial Assets and Liabilities	Opening Balance - 1 July 2017	Purchases	Disposals	Unrealised Gains / (Losses)	Closing Balance - 30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Property A	2,597,516	95,583	(24,431)	216,146	2,884,814
Property B	435,392	16,013	(4,305)	54,019	501,119
Diversified Strategies Growth A	1,995,805	560,591	(217,712)	133,406	2,472,090
Diversified Strategies Growth B	219,809	100,951	(22,930)	22,620	320,450
Inflation Linked Securities*	390,297	-	-	(16,594)	373,703
Infrastructure (MAC)	132,499	-	(132,499)	-	-
Total	5,771,318	773,138	(401,877)	409,597	6,552,176

* 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 2018

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 2018

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 2018 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 underperform 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

Three 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. The third is that investment returns may be below expectations due to the portfolio's asset allocation significantly deviating from targets.

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 2018

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 20% 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 interest rate sensitive securities to underperform 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 2018

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Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements

1.1 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 the *Superannuation Funds Management Corporation of South Australia Act 1995* (hereinafter referred to as the Funds SA Act).

1.2 Statement of compliance

This financial report has been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The financial report has 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*.

1.3 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 2018, 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
- 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

Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements (continued)

1.3 Purpose of the financial statements (continued)

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

1.4 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 17 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.

1.5 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);

Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements (continued)

1.5 Basis of preparation (continued)

- b) expenses incurred as a result of engaging consultants (Refer Note 5);
- 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).

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 2018 and the comparative information presented.

1.6 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 2018.

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 \$2.8m being recognised and, over the remaining lease term, amortised.

AASB 15 Revenue from Contracts with Customers will apply for the first time to the 30 June 2019 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 have assessed the impact of this standard to the financial statements and it is not expected to have a material impact.

1.7 Rounding

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

1.8 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.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 1 Basis of financial statements (continued)

1.9 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.

1.10 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.

1.11 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.

1.12 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 2018

Note 1 Basis of financial statements (continued)

1.13 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.

1.14 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.

1.15 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.

Note 2 Objectives

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.

Funds SA
Financial Statements for the year ended 30 June 2018

Note 3 Employee benefits costs

3.1 Employee benefits expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	4,901	4,069
Board fees	319	336
Employment on costs	810	581
Total employee benefits costs	6,030	4,986

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

3.2 Remuneration of employees

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

	2018	2017
\$149 001 to \$159 000	1	-
\$159 001 to \$169 000	2	3
\$169 001 to \$179 000	2	-
\$189 001 to \$199 000	1	-
\$199 001 to \$209 000	1	1
\$209 001 to \$219 000	1	-
\$219 001 to \$229 000	1	-
\$249 001 to \$259 000	-	1
\$259 001 to \$269 000	-	1
\$269 001 to \$279 000	1	-
\$319 001 to \$329 000	1	1
\$439 001 to \$449 000	1	-
\$469 001 to \$479 000	-	1
\$489 001 to \$499 000	1	-
Total number of employees	13	8

Funds SA

Financial Statements for the year ended 30 June 2018

Note 3 Employee benefits costs (continued)

3.2 Remuneration of employees (continued)

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 \$3.175 million (\$2.023 million for 2016-17).

3.3 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.

The following persons 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
Tony Keenan	Executive Manager, Corporate Engagement

3.4 Key management personnel compensation

	2018	2017
	\$'000	\$'000
Salaries and other short-term employee benefits	1,868	1,425
Long-term employee benefits	29	16
Total	1,897	1,441

3.5 Transactions with Key Management Personnel and other related parties

During the 2017-18 year there were no transactions with Key Management Personnel and other related parties.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 4 Remuneration of board and committee members

4.1 Directors

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

Director	Funds SA Board	Sub-Committees ⁽¹⁾	
		Audit and Risk Committee	Human Resources Committee
Paul Laband (commenced as Chairman 16 July 2018)	✓	✓	-
Hon. Kevin Foley (ceased 16 July 2018)	Chairman	✓	Chairman
Kevin Crawshaw	✓	✓	11/09/2017 – 18/06/2018
Jane Jeffreys	✓	-	✓
Jan McMahon (ceased 20 February 2018)	✓	-	Ceased 18/07/18
Robert Patterson	✓	-	✓
Kathryn Presser	✓	Chair	-
Leah York (commenced on Board 31 May 2018 and Human Resources Committee 18 June 2018)	✓	-	✓

(1) Sub-Committees

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

4.2 Remuneration of governing board directors

The number of governing board directors whose remuneration received or receivable falls within the following bands:	Number of board directors	
	2018	2017
\$0 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$40,000 - \$49,999	3	5
\$50,000 - \$59,999	2	1
\$90,000 - \$99,999	1	1
Total number of governing directors	8	7

Funds SA

Financial Statements for the year ended 30 June 2018

Note 4 Remuneration of board and committee members (continued)

4.2 Remuneration of governing board directors (continued)

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, 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 or receivable by members was \$349,000 (2016-17: \$367,000).

Note 5 Supplies and services

	2018	2017
	\$'000	\$'000
Computing and communication	222	227
Human resource expenses	406	228
Board expenses	74	38
Staff development	167	110
Subscriptions and publications	103	92
Internal audit fees	141	129
External audit fees ⁽¹⁾	97	94
Travel and accommodation	313	217
Legal and advisory expenses	157	114
Office rent	310	291
Office supplies and printing	63	64
Website expenses	6	10
Investor relationship expenses	12	11
Other	27	45
Total supplies and services	2,098	1,670

⁽¹⁾ Audit fees paid / payable to the Auditor-General's Department relating to work performed under the Public Finance Audit Act were \$97,000 (\$94,000). No other services were provided by the Auditor-General's Department.

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.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 5 Supplies and services (continued)

5.1 Consultancies

The number and dollar amount of Consultancies paid/payable (included in supplies & services expense) that fell within the following bands:	2018		2017	
	No.	\$'000	No.	\$'000
Below \$10,000	3	12	5	25
Above \$10,000	6	492	7	251
Total paid /payable to the consultants engaged	9	504	12	276

Note 6 Depreciation

	2018	2017
	\$'000	\$'000
Depreciation		
Computer and office equipment	82	94
Leasehold improvements	100	100
Total depreciation	182	194

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Lease incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

6.1 Useful life

Depreciation/amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

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

Funds SA
Financial Statements for the year ended 30 June 2018

Note 7 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Leasehold Improvements		
Leasehold improvements at fair value	1,027	1,000
Accumulated amortisation	(282)	(182)
Total leasehold improvements	745	818
Computer and office equipment		
Computer and office equipment at fair value	697	674
Accumulated depreciation	(469)	(387)
Total Computer and Office Equipment	228	287
Total Property Plant and Equipment	973	1,105

7.1 Reconciliation of property, plant and equipment

RECONCILIATION OF NON-CURRENT ASSETS

The following table shows the movement of Non-Current Assets during the year ended 30 June 2018

	Leasehold improvements \$'000	Computer and office equipment \$'000	Non-Current Assets Total \$'000
Carrying amount at the beginning of the financial year	818	287	1,105
Additions	32	23	55
Other changes	(5)	-	(5)
Depreciation	(100)	(82)	(182)
Carrying amount at the end of the financial year	745	228	973

Funds SA

Financial Statements for the year ended 30 June 2018

Note 7 Property, plant and equipment (continued)

7.1 Reconciliation of 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	(100)	(94)	(194)
Carrying amount at the end of the financial year	818	287	1,105

7.2 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 2018.

During the year 2018 and 2017, 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 2018. 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 2018

Note 8 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	138	63
GST Payable	447	230
Accrued expenses	248	163
Employment on costs	58	54
Total current payables	891	510
Non Current		
Employment on costs	85	80
Total non current payables	85	80
Total payables	976	590

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.

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

8.1 Interest rate and credit risk

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.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 9 Employee Benefits

	2018	2017
	\$'000	\$'000
Accrued salaries and wages	115	99
Annual leave	292	241
Long service leave	92	139
Skills and experience retention leave	29	26
Total current employee benefits	528	505
<hr/>		
Non-Current		
Long service leave	955	882
Total non-current employee benefits	955	882
Total employee benefits	1,483	1,387

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

9.1 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.

9.2 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.

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.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on 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.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 9 Employee Benefits (continued)

9.2 Long service leave (continued)

AASB 119 Employee Benefits 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 not changed from 2017 (2.5%) to 2018 (2.5%).

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$16,700 and employee benefits expense of \$19,000. 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% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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.

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.

10.1 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.

10.2 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.

Funds SA

Financial Statements for the year ended 30 June 2018

Note 11 Unrecognised Contractual Commitments

11.1 Operating Lease Commitments

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

	2018	2017
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases, are payable as follows:		
Within one year	307	292
Later than one year but not longer than five years	1,389	1,323
Later than five years	903	1,276
Total non-cancellable operating lease commitments	2,599	2,891

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.

11.2 Operating lease

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.

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 2018

Note 13 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of Net Cash provided by Operating Activities to Surplus:		
Net surplus	1,936	1,242
Add non-cash items		
Depreciation and amortisation expense	182	194
Changes in Assets / Liabilities		
(Increase) in receivables	(2,113)	(40)
(Decrease) / increase in payables	386	(14)
Increase in employee benefits	96	97
	<hr/>	<hr/>
Net cash provided by operating activities	487	1,479
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2018

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income						
Revenues from fees and charges	10,161	8,031	-	-	10,161	8,031
Expenses						
Employee benefits cost	248	195	5,782	4,791	6,030	4,986
Financial Assets						
Receivables	2,910	832	110	75	3,020	907

Funds SA

Financial Statements for the year ended 30 June 2018

Note 15 Financial Instruments

15.1 Interest Rate Risk

15.1.1 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.

15.1.2 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.

15.2 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 2018

Note 15 Financial Instruments (continued)

15.3 Maturity analysis of financial assets and liabilities

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

	Contractual maturities 30 June 2018		Contractual maturities 30 June 2017	
	Carrying amount (\$'000)	< 1 year (\$'000)	Carrying amount (\$'000)	< 1 year (\$'000)
Financial assets				
Cash	5,995	5,995	5,558	5,558
Receivables	2,910	2,910	832	832
Total financial assets	8,905	8,905	6,390	6,390
Financial liabilities				
Payables	248	248	98	98
Total financial liabilities	248	248	98	98

Funds SA

Financial Statements for the year ended 30 June 2018

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 2018

Note 17 Investor Funds Under Management

17.1 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 2018, 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 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 2018 year all holdings are valued at fair value.

These investor fund financial statements are explained and disclosed below:

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

Note 17 provides financial statements in respect of each investor fund under the management of Funds SA for the 2017-18 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 2018

Note 17 Investor Funds Under Management (continued)

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The University of Adelaide Endowment Fund	17(y)

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	2,848,428	2,734,331
Add: Receipts	377,250	3,023,148
Net Investment Income	307,091	321,807
	<u>684,341</u>	<u>3,344,955</u>
Less: Payments	<u>(645,420)</u>	<u>(3,230,858)</u>
Funds Under Management at 30 June	2,887,349	2,848,428

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<u>2,887,349</u>	<u>2,848,428</u>
Funds Under Management at 30 June	2,887,349	2,848,428

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	766,444	741,240
International Equities A	783,247	749,871
Property A	468,365	432,406
Diversified Strategies Growth A	402,281	334,367
Inflation Linked Securities A	25,929	121,980
Diversified Strategies Income	414,875	433,012
Cash	<u>26,208</u>	<u>35,552</u>
Funds Under Management at 30 June	2,887,349	2,848,428

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	1,493,667	1,410,398
Add: Receipts	6,790	1,459,080
Net Investment Income	169,407	171,519
	<u>176,197</u>	<u>1,630,599</u>
Less: Payments	<u>(88,650)</u>	<u>(1,547,330)</u>
Funds Under Management at 30 June	<u>1,581,214</u>	<u>1,493,667</u>

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<u>1,581,214</u>	<u>1,493,667</u>
Funds Under Management at 30 June	<u>1,581,214</u>	<u>1,493,667</u>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	419,731	388,694
International Equities A	428,934	393,219
Property A	256,493	226,747
Diversified Strategies Growth A	220,303	175,336
Inflation Linked Securities A	14,200	63,964
Diversified Strategies Income	227,200	227,064
Cash	<u>14,353</u>	<u>18,643</u>
Funds Under Management at 30 June	<u>1,581,214</u>	<u>1,493,667</u>

Funds SA

Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	649,190	638,264
Add: Receipts	25,540	25,636
Net Investment Income	62,721	71,418
	88,261	97,054
Less: Payments	(90,426)	(86,128)
Funds Under Management at 30 June	647,025	649,190

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	30,224	28,328
Growth A	499,575	508,914
Balanced A	57,094	49,368
Moderate A	21,369	18,621
Conservative A	22,901	23,179
Capital Defensive A	8,248	10,171
Cash A	5,725	8,540
Socially Responsible	1,889	2,069
	647,025	649,190
Funds Under Management at 30 June	647,025	649,190

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	147,724	150,037
International Equities A	155,044	151,945
Property A	83,659	84,943
Diversified Strategies Growth A	62,314	60,912
Inflation Linked Securities A	41,323	39,316
Long Term Fixed Interest	25,176	24,997
Short Term Fixed Interest	9,417	9,544
Diversified Strategies Income	97,832	99,166
Cash	22,647	26,261
Socially Responsible	1,889	2,069
	647,025	649,190
Funds Under Management at 30 June	647,025	649,190

Funds SA
Financial Statements for the year ended 30 June 2018

17(d) Southern State Superannuation Fund

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	15,406,188	13,523,567
Add: Receipts	622,022	621,913
Net Investment Income	1,482,059	1,494,060
	2,104,081	2,115,973
Less: Payments	(267,854)	(233,352)
Funds Under Management at 30 June	17,242,415	15,406,188

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	1,293,827	1,089,735
Growth A	629,327	520,001
Balanced A	14,281,364	12,791,849
Moderate A	273,455	245,196
Conservative A	338,323	327,553
Capital Defensive A	175,893	171,090
Cash A	195,286	213,867
Socially Responsible	54,940	46,897
	17,242,415	15,406,188
Funds Under Management at 30 June	17,242,415	15,406,188

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	3,648,872	3,307,080
International Equities A	3,845,040	3,347,791
Property A	2,009,656	1,819,833
Diversified Strategies Growth A	1,451,296	1,251,884
Inflation Linked Securities A	1,403,031	1,215,647
Long Term Fixed Interest	1,142,039	1,026,539
Short Term Fixed Interest	510,424	449,277
Diversified Strategies Income	2,579,216	2,335,913
Cash	597,901	605,327
Socially Responsible	54,940	46,897
	17,242,415	15,406,188
Funds Under Management at 30 June	17,242,415	15,406,188

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	995,692	787,706
Add: Receipts	236,903	270,925
Net Investment Income	83,264	71,376
	<hr/> 320,167	<hr/> 342,301
Less: Payments	(140,740)	(134,315)
Funds Under Management at 30 June	1,175,119	995,692

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	55,653	48,970
Growth B	118,158	91,743
Balanced B	579,307	468,079
Moderate B	153,185	125,766
Conservative B	127,104	105,630
Capital Defensive B	86,551	78,403
Cash B	40,179	64,203
Socially Responsible	14,982	12,898
	<hr/>	<hr/>
Funds Under Management at 30 June	1,175,119	995,692

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	233,610	188,066
International Equities B	197,199	165,904
Property B	123,169	103,140
Diversified Strategies Growth B	76,986	54,562
Inflation Linked Securities B	108,129	86,070
Long Term Fixed Interest	73,407	59,604
Short Term Fixed Interest	73,590	64,610
Diversified Strategies Income	182,731	149,252
Cash	91,316	111,586
Socially Responsible	14,982	12,898
	<hr/>	<hr/>
Funds Under Management at 30 June	1,175,119	995,692

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	2,762,141	2,399,387
Add: Receipts	469,457	412,776
Net Investment Income	228,104	224,984
	<hr/> 697,561	<hr/> 637,760
Less: Payments	<hr/> (271,617)	<hr/> (275,006)
Funds Under Management at 30 June	3,188,085	2,762,141

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	111,363	91,446
Growth B	230,098	181,353
Balanced B	1,603,267	1,353,108
Moderate B	509,180	438,230
Conservative B	438,020	406,873
Capital Defensive B	166,944	153,262
Cash B	97,491	109,196
Socially Responsible	31,722	28,673
	<hr/>	<hr/>
Funds Under Management at 30 June	3,188,085	2,762,141

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	628,034	526,256
International Equities B	531,588	466,012
Property B	332,626	290,604
Diversified Strategies Growth B	203,032	148,270
Inflation Linked Securities B	306,648	257,828
Long Term Fixed Interest	207,621	177,001
Short Term Fixed Interest	203,290	188,237
Diversified Strategies Income	502,897	430,521
Cash	240,627	248,739
Socially Responsible	31,722	28,673
	<hr/>	<hr/>
Funds Under Management at 30 June	3,188,085	2,762,141

Funds SA

Financial Statements for the year ended 30 June 2018

17(g) Parliamentary Superannuation Scheme

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	256,762	235,337
Add: Receipts	5,004	228,666
Net Investment Income	29,068	28,820
	34,072	257,486
Less: Payments	(17,555)	(236,061)
Funds Under Management at 30 June	273,279	256,762

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	4,108	3,599
Growth A	3,240	2,961
Balanced A	18,602	14,817
Moderate A	662	557
Capital Defensive A	-	405
Socially Responsible	1,104	985
Defined Benefit Strategy	245,563	233,438
Funds Under Management at 30 June	273,279	256,762

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	71,221	65,865
International Equities A	72,956	66,637
Property A	43,133	38,242
Diversified Strategies Growth A	36,634	29,355
Inflation Linked Securities A	4,105	11,537
Long Term Fixed Interest	1,569	1,289
Short Term Fixed Interest	540	533
Diversified Strategies Income	39,222	38,839
Cash	2,795	3,480
Socially Responsible	1,104	985
Funds Under Management at 30 June	273,279	256,762

Funds SA
Financial Statements for the year ended 30 June 2018

17(h) Judges' Pension Scheme

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	250,729	229,308
Add: Receipts	4,840	244,626
Net Investment Income	28,886	28,291
	33,726	272,917
Less: Payments	(10,905)	(251,496)
Funds Under Management at 30 June	273,550	250,729

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	273,550	250,729
Funds Under Management at 30 June	273,550	250,729

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	72,613	65,247
International Equities A	74,205	66,007
Property A	44,373	38,062
Diversified Strategies Growth A	38,113	29,432
Inflation Linked Securities A	2,457	10,737
Diversified Strategies Income	39,306	38,115
Cash	2,483	3,129
Funds Under Management at 30 June	273,550	250,729

Funds SA
Financial Statements for the year ended 30 June 2018

17(i) Governors' Pension Scheme

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	512	705
Add: Receipts	10	621
Net Investment Income	45	72
	<hr/> 55	<hr/> 693
Less: Payments	<hr/> (283)	<hr/> (886)
Funds Under Management at 30 June	<hr/> 284	<hr/> 512

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<hr/> 284	<hr/> 512
Funds Under Management at 30 June	<hr/> 284	<hr/> 512

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	75	133
International Equities A	76	135
Property A	46	78
Diversified Strategies Growth A	40	60
Inflation Linked Securities A	3	22
Diversified Strategies Income	41	78
Cash	<hr/> 3	<hr/> 6
Funds Under Management at 30 June	<hr/> 284	<hr/> 512

Funds SA
Financial Statements for the year ended 30 June 2018

17(j) South Australian Ambulance Service Superannuation Scheme

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	252,824	229,696
Add: Receipts	8,910	10,906
Net Investment Income	22,539	24,062
	31,449	34,968
Less: Payments	(16,780)	(11,840)
Funds Under Management at 30 June	267,493	252,824

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	267,493	252,824
Funds Under Management at 30 June	267,493	252,824

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	62,105	58,129
International Equities B	51,959	50,739
Property B	31,161	30,263
Diversified Strategies Growth B	23,060	19,075
Inflation Linked Securities B	23,379	21,188
Long Term Fixed Interest	20,836	19,607
Short Term Fixed Interest	6,965	7,408
Diversified Strategies Income	42,945	40,571
Cash	5,083	5,844
Funds Under Management at 30 June	267,493	252,824

Funds SA
Financial Statements for the year ended 30 June 2018

17(k) Police Superannuation Scheme – Employer Contribution Account

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	1,147,140	997,768
Add: Receipts	59,400	1,104,827
Net Investment Income	129,462	124,817
	188,862	1,229,644
Less: Payments	(55,830)	(1,080,272)
Funds Under Management at 30 June	1,280,172	1,147,140

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	1,280,172	1,147,140
Funds Under Management at 30 June	1,280,172	1,147,140

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	339,385	298,518
International Equities A	346,529	301,993
Property A	208,097	174,142
Diversified Strategies Growth A	178,735	134,659
Inflation Linked Securities A	11,520	49,125
Diversified Strategies Income	184,262	174,385
Cash	11,644	14,318
Funds Under Management at 30 June	1,280,172	1,147,140

Funds SA
Financial Statements for the year ended 30 June 2018

17(l) Police Superannuation Fund – Old Scheme Division

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	529,894	484,683
Add: Receipts	-	507,373
Net Investment Income	59,550	59,811
	<hr/> 59,550	<hr/> 567,184
Less: Payments	<hr/> (17,140)	<hr/> (521,973)
Funds Under Management at 30 June	<hr/> 572,304	<hr/> 529,894

Statement of Funds Under Management - by Investment Option

Investment Option

Defined Benefit Strategy	<hr/> 572,304	<hr/> 529,894
Funds Under Management at 30 June	<hr/> 572,304	<hr/> 529,894

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	151,723	137,893
International Equities A	154,917	139,499
Property A	93,030	80,441
Diversified Strategies Growth A	79,904	62,202
Inflation Linked Securities A	5,150	22,692
Diversified Strategies Income	82,375	80,553
Cash	<hr/> 5,205	<hr/> 6,614
Funds Under Management at 30 June	<hr/> 572,304	<hr/> 529,894

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	538,141	496,130
Add: Receipts	40,000	20,000
Net Investment Income	57,933	62,011
	97,933	82,011
Less: Payments	(59,000)	(40,000)
Funds Under Management at 30 June	577,074	538,141

Statement of Funds Under Management - by Investment Option

Investment Option

Growth A	577,074	538,141
Funds Under Management at 30 June	577,074	538,141

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	138,268	131,265
International Equities A	144,743	132,953
Property A	78,510	74,218
Diversified Strategies Growth A	61,320	55,874
Inflation Linked Securities A	33,504	29,545
Long Term Fixed Interest	20,426	19,206
Diversified Strategies Income	88,749	83,847
Cash	11,554	11,233
Funds Under Management at 30 June	577,074	538,141

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	19,500	27,971
Add: Receipts	-	-
Net Investment Income	1,145	2,029
	1,145	2,029
Less: Payments	(3,000)	(10,500)
Funds Under Management at 30 June	17,645	19,500

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	17,645	19,500
Funds Under Management at 30 June	17,645	19,500

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,169	2,487
International Equities A	2,366	2,513
Property A	1,538	1,727
Inflation Linked Securities A	2,789	3,015
Long Term Fixed Interest	802	890
Short Term Fixed Interest	3,111	3,419
Diversified Strategies Income	3,107	3,458
Cash	1,763	1,991
Funds Under Management at 30 June	17,645	19,500

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	21,257	16,011
Add: Receipts	1,500	4,000
Net Investment Income	1,374	1,246
	<u>2,874</u>	<u>5,246</u>
Less: Payments	<u>-</u>	<u>-</u>
Funds Under Management at 30 June	24,131	21,257

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative A	<u>24,131</u>	<u>21,257</u>
Funds Under Management at 30 June	24,131	21,257

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	2,966	2,711
International Equities A	3,236	2,739
Property A	2,103	1,883
Inflation Linked Securities A	3,815	3,287
Long Term Fixed Interest	1,097	970
Short Term Fixed Interest	4,254	3,727
Diversified Strategies Income	4,249	3,769
Cash	<u>2,411</u>	<u>2,171</u>
Funds Under Management at 30 June	24,131	21,257

Funds SA
Financial Statements for the year ended 30 June 2018

17(p) **Adelaide Cemeteries Authority**

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	5,484	4,560
Add: Receipts	400	730
Net Investment Income	626	624
	1,026	1,354
Less: Payments	-	(430)
Funds Under Management at 30 June	6,510	5,484

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth A	5,197	4,271
Balanced A	865	791
Conservative A	448	-
Capital Defensive A	-	422
Funds Under Management at 30 June	6,510	5,484

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	1,785	1,507
International Equities A	1,858	1,527
Property A	946	800
Diversified Strategies Growth A	627	510
Inflation Linked Securities A	147	132
Long Term Fixed Interest	85	79
Short Term Fixed Interest	102	94
Diversified Strategies Income	797	685
Cash	163	150
Funds Under Management at 30 June	6,510	5,484

Funds SA
Financial Statements for the year ended 30 June 2018

17(q) Motor Accident Commission Compulsory Third Party Fund

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	997,916	1,900,279
Add: Receipts	556,986	3,000
Net Investment Income	44,533	114,874
	<hr/> 601,519	<hr/> 117,874
Less: Payments	<hr/> (587,400)	<hr/> (1,020,237)
Funds Under Management at 30 June	1,012,035	997,916
	<hr/>	<hr/>

Statement of Funds Under Management - by Investment Option

Investment Option

Motor Accident Commission A	<hr/> 1,012,035	<hr/> 997,916
Funds Under Management at 30 June	1,012,035	997,916
	<hr/>	<hr/>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	-	78,128
International Equities A	-	80,359
Fixed Interest (MAC)	670,259	268,210
Diversified Strategies Income (MAC)	267,711	398,321
Infrastructure (MAC)	-	132,484
Absolute Return (MAC)	-	1
Cash	74,065	40,413
	<hr/> 74,065	<hr/> 40,413
Funds Under Management at 30 June	1,012,035	997,916
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2018

17(r) South Australian Metropolitan Fire Service Superannuation Scheme

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	368,228	332,251
Add: Receipts	32,447	38,761
Net Investment Income	33,565	35,320
	<hr/> 66,012	<hr/> 74,081
Less: Payments	<hr/> (36,223)	<hr/> (38,104)
Funds Under Management at 30 June	398,017	368,228

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	5,069	3,326
Growth B	304,872	292,821
Balanced B	5,298	3,608
Moderate B	3,719	2,681
Conservative B	70,609	56,835
Capital Defensive B	4,702	4,965
Cash B	3,748	3,992
	<hr/>	<hr/>
Funds Under Management at 30 June	398,017	368,228

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	92,963	86,043
International Equities B	79,363	76,481
Property B	49,859	47,538
Diversified Strategies Growth B	33,594	28,823
Inflation Linked Securities B	30,370	26,015
Diversified Strategies Income	64,523	59,463
Long Term Fixed Interest	16,004	14,615
Short Term Fixed Interest	14,369	11,920
Cash	16,972	17,330
	<hr/>	<hr/>
Funds Under Management at 30 June	398,017	368,228

Funds SA

Financial Statements for the year ended 30 June 2018

17(s) Super SA Select

Statement of Receipts and Payments

	2017 \$'000	2016 \$'000
Funds Under Management at 1 July	3,726	3,214
Add: Receipts	2,826	861
Net Investment Income	407	305
	3,233	1,166
Less: Payments	(660)	(654)
Funds Under Management at 30 June	6,299	3,726

Statement of Funds Under Management - by Investment Option

Investment Option

Balanced B	5,936	3,378
Cash B	363	348
Funds Under Management at 30 June	6,299	3,726

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	1,377	777
International Equities B	1,153	678
Property B	692	404
Diversified Strategies Growth B	512	255
Inflation Linked Securities B	519	283
Diversified Strategies Income	953	542
Long Term Fixed Interest	462	262
Short Term Fixed Interest	155	99
Cash	476	426
Funds Under Management at 30 June	6,299	3,726

Funds SA
Financial Statements for the year ended 30 June 2018

17(t) Lifetime Support Authority

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	441,053	292,943
Add: Receipts	107,200	115,300
Net Investment Income	49,514	32,810
	<u>156,714</u>	<u>148,110</u>
Less: Payments	<u>-</u>	<u>-</u>
Funds Under Management at 30 June	597,767	441,053

Statement of Funds Under Management - by Investment Option

Investment Option

Lifetime Support Authority Strategy	<u>597,767</u>	<u>441,053</u>
Funds Under Management at 30 June	597,767	441,053

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities A	124,650	85,653
International Equities A	131,273	86,660
Property A	93,414	69,730
Diversified Strategies Growth A	75,420	45,770
Inflation Linked Securities A	28,587	32,947
Diversified Strategies Income	103,285	77,371
Long Term Fixed Interest	26,967	33,227
Cash	<u>14,171</u>	<u>9,695</u>
Funds Under Management at 30 June	597,767	441,053

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	76,373	69,840
Add: Receipts	10,050	4,750
Net Investment Income	6,283	6,283
	<hr/> 16,333	<hr/> 11,033
Less: Payments	<hr/> (2,650)	<hr/> (4,500)
Funds Under Management at 30 June	90,056	76,373

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	15,878	11,451
Balanced B	46,184	40,329
Capital Defensive B	24,463	22,012
Cash B	3,531	2,581
	<hr/> 90,056	<hr/> 76,373
Funds Under Management at 30 June	90,056	76,373

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	16,687	13,795
International Equities B	13,855	12,019
Property B	8,953	7,716
Diversified Strategies Growth B	5,671	4,142
Inflation Linked Securities B	8,536	7,165
Diversified Strategies Income	14,174	12,028
Long Term Fixed Interest	5,386	4,615
Short Term Fixed Interest	8,438	7,732
Cash	8,356	7,161
	<hr/> 90,056	<hr/> 76,373
Funds Under Management at 30 June	90,056	76,373

Funds SA

Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018 \$'000	2017 \$'000
Funds Under Management at 1 July	-	8,403
Add: Receipts	-	-
Net Investment Income	-	70
	<hr/>	<hr/>
	-	70
Less: Payments	-	(8,473)
	<hr/>	<hr/>
Funds Under Management at 30 June	-	-

Statement of Funds Under Management - by Investment Option

Investment Option

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

Statement of Funds Under Management – by Asset Sector

Asset Sector

Cash	-	-
	<hr/>	<hr/>
Funds Under Management at 30 June	-	-

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	6,819	6,510
Add: Receipts	130	-
Net Investment Income	663	732
	<hr/> 793	<hr/> 732
Less: Payments	<hr/> (130)	<hr/> (423)
Funds Under Management at 30 June	7,482	6,819
	<hr/>	<hr/>

Statement of Funds Under Management - by Investment Option

Investment Option

Growth B	7,087	6,559
Cash B	395	260
	<hr/>	<hr/>
Funds Under Management at 30 June	7,482	6,819
	<hr/>	<hr/>

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	1,850	1,701
International Equities B	1,580	1,509
Property B	968	918
Diversified Strategies Growth B	753	630
Inflation Linked Securities B	410	357
Diversified Strategies Income	1,133	1,053
Long Term Fixed Interest	270	250
Cash	518	401
	<hr/>	<hr/>
Funds Under Management at 30 June	7,482	6,819
	<hr/>	<hr/>

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	314	301
Add: Receipts	-	-
Net Investment Income	18	20
	<hr/> 18	<hr/> 20
Less: Payments	<hr/> (48)	<hr/> (7)
Funds Under Management at 30 June	<hr/> 284	<hr/> 314

Statement of Funds Under Management - by Investment Option

Investment Option

Conservative B	<hr/> 284	<hr/> 314
Funds Under Management at 30 June	<hr/> 284	<hr/> 314

Statement of Funds Under Management – by Asset Sector

Asset Sector

Australian Equities B	37	41
International Equities B	33	37
Property B	25	28
Inflation Linked Securities B	45	48
Diversified Strategies Income	52	56
Long Term Fixed Interest	14	15
Short Term Fixed Interest	51	56
Cash	<hr/> 27	<hr/> 33
Funds Under Management at 30 June	<hr/> 284	<hr/> 314

Funds SA
Financial Statements for the year ended 30 June 2018

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

Statement of Receipts and Payments

	2018	2017
	\$'000	\$'000
Funds Under Management at 1 July	173,964	156,235
Add: Receipts	290	1,671
Net Investment Income	19,966	20,918
	20,256	22,589
Less: Payments	(5,400)	(4,860)
Funds Under Management at 30 June	188,820	173,964

Statement of Funds Under Management - by Investment Option

Investment Option

High Growth B	188,820	173,964
Funds Under Management at 30 June	188,820	173,964

Statement of Funds Under Management – by Asset Sector

Australian Equities B	62,218	56,797
International Equities B	51,310	48,438
Property B	29,496	27,683
Diversified Strategies Growth B	20,059	16,704
Diversified Strategies Income	22,479	20,726
Cash	3,258	3,616
Funds Under Management at 30 June	188,820	173,964