

# IRIS ALLOCATED PENSION

ANNUAL REPORT TO MEMBERS: 2002-2003

COMMISSION FREE RETIREMENT INCOME FOR INDUSTRY SUPER FUND MEMBERS

[www.supermembersinvestments.com.au](http://www.supermembersinvestments.com.au)

“The management fees are reasonable. There are no entry or exit fees. We’d heard about other allocated pensions but they seemed like a rip off compared to IRIS.”

Ray Lendrum, IRIS Member

IRIS Allocated Pension,  
Locked Bag 200,  
Carlton South,  
VIC 3053  
1300 367 485

Trustee:  
Super Members  
Investments Limited  
Licensed Dealer  
in Securities  
ACN 095 974 100



Industry Funds Retirement Income Services

## CHAIRMAN'S REPORT



### Garry Weaven

Chair, Super Members Investments Limited

As Chair of Super Members Investments Limited I am pleased to welcome the many new members who have joined IRIS over the past year, and to present the 2002-03 Annual Report to Members.

Significant work has been undertaken to enhance our communication with members in the IRIS Allocated Pension over the past year.

As of 1 July 2003, the new IRIS logo (pictured on the cover) is operational. Our new quarterly report provides a detailed, timely, accurate analysis of the current performance, investments, fees and investment managers utilised by IRIS to achieve the stated objectives of each individual investment option. The quarterly report will be mailed to you on an ongoing quarterly basis.

### SMI revitalises website

IRIS also welcomes the new financial year with a revitalised website [www.supermembersinvestments.com.au](http://www.supermembersinvestments.com.au).



IRIS website

The website enables members to view the latest crediting rates and performance returns. All the new product materials can be downloaded and you will be able to keep up to date with the latest developments in IRIS. Please visit the website for the latest IRIS Quarterly Report, our new monthly report comparing fees and performance to competitor funds, product flyers or the new IRIS Product Disclosure Statement.

### IRIS Australian Property Portfolio now open to industry fund members

Industry fund members have been able to invest directly in the IRIS Australian Property Portfolio since 29 August 2003. The IRIS Diversified Portfolios have been investing their property allocations into this Fund with considerable success for some time. This Fund has returned 9.69%<sup>1</sup> per annum since inception.

The SMI Australian Property Fund is a unique investment opportunity that allows IRIS members to access large, institutional investment managers that specialise in investing in direct and indirect Australian property trusts.

The Portfolio's investments are managed by ISPT (Industry Superannuation Property Trust) and Barclays Global Investors to enable the portfolio to achieve its objective of providing strong income and moderate capital growth over the medium to long term.

<sup>1</sup> This figure represents the performance of the SMI Property "Wholesale" Fund since inception (1 January 2002) to 31 July 2003 on a per annum basis (before taxes and after fees). This Fund has the same investment objective, asset mix and investment management as the IRIS Australian Property Portfolio. Past performance is not a reliable indicator of future performance.

## CHAIRMAN'S REPORT

### IRIS Investment Performance

IRIS is pleased to report that we have been able to provide IRIS members with strong returns relative to benchmark in what has proven to be a volatile year for investment markets globally. Our policy of providing low cost, no commission investment options to our members has proven even more effective in the difficult global economic environment that has prevailed for the third successive year.

The following table represents the performance (crediting rate) of each investment option relative to its benchmark (based on competitor performance) for the year ended 30 June 2003.<sup>2</sup>

For more detailed investment performance or for more information on the latest developments within IRIS, please call 1300 367 485 or visit our website at [www.supermembersinvestments.com.au](http://www.supermembersinvestments.com.au).

We are pleased to be able to be able to give you the security and flexibility you need in retirement by providing a low cost, strong performing income stream. Super Members Investment Limited's objective is to ensure, through sound investment management and low fees, that the IRIS Allocated Pension continues to be a strong performer for members in the years ahead.

Returns from 30/06/02 to 30/06/03	Portfolio	Portfolio Benchmark	Name of Benchmark
<b>IRIS Secure Portfolio</b>	5.58%	2.94%	ASSIRT Allocated Pension & Annuities Multi-Sector 30 Average
<b>IRIS Stable Portfolio</b>	6.41%	1.71%	ASSIRT Allocated Pension & Annuities Multi-Sector 50 Average
<b>IRIS Growth Portfolio</b>	2.12%	-4.99%	ASSIRT Allocated Pension & Annuities Multi-Sector 70+ Average
<b>IRIS High Growth Portfolio</b>	-6.36%	-10.61%	ASSIRT Allocated Pension International Shares 45%, ASSIRT Allocated Pension Diversified Shares 50%, ASSIRT Allocated Pension Cash 5%

Source: Benchmark – ASSIRT. ASSIRT index performance is calculated using an arithmetic mean for performance, which is weighted according to the size of each fund within the category. ASSIRT has not been involved in the preparation, or authorised or caused the issue of this material.

Note: The returns shown are the returns applicable to members who were members at the beginning and end of the period and who did not initiate any transactions during the period. Returns are shown before taxes and after fees. Past performance is not a reliable indicator of future performance.

<sup>2</sup> This is the performance applicable to members who were members at the beginning and the end of the period and who did not initiate any transactions during the period (before tax and after fees). Past performance is not a reliable indicator of future performance.

## IRIS ALLOCATED PENSION - SUMMARY OF INVESTMENT OPTIONS

	IRIS Secure Portfolio					IRIS Stable Portfolio				
<b>Investment Objective</b>	To achieve returns that exceed the bank deposit rate over a one-year period. To provide security (but not a guarantee) of capital invested.					To achieve returns that exceed the inflation rate (CPI) by 1-3% per annum, on a rolling three-year basis. To provide security (but not a guarantee) of capital invested.				
<b>Risk/Return Profile</b>	Low					Moderate				
<b>Minimum Investment</b>	\$10,000					\$10,000				
<b>Asset Allocation</b> We aim to invest the Investment Portfolios according to the target investment mix as shown. However, there may be times when an investment Portfolio's asset mix falls outside these targets.	<b>Asset Class</b>	<b>Range</b>	<b>Strategic Allocation</b>	<b>30 June 2003</b>	<b>30 June 2002</b>	<b>Asset Class</b>	<b>Range</b>	<b>Strategic Allocation</b>	<b>30 June 2003</b>	<b>30 June 2002</b>
	Australian Shares	5-10%	7.5%	7.6%	8.2%	Australian Shares	15-25%	20%	18.9%	19.5%
	Australian Property	5-10%	7.5%	8.9%	10.0%	International Shares	5-10%	7.5%	6.7%	5.8%
	Australian Fixed Interest	30-40%	35%	37.6%	39.1%	Australian Property	5-15%	10%	11.1%	14.3%
	Cash	40-60%	50%	45.9%	42.7%	Australian Fixed Interest & Cash	35-45%	37.5%	37.2%	34.2%
						International Fixed Interest	20-30%	25%	26.1%	26.2%
<b>MER</b> (Management Expense Ratio – per annum)	1.2%					1.2%				
<b>Transaction Costs</b> (percentage of sum transacted)	0.03%					0.10%				
<b>Benchmark Index</b>	ASSIRT Allocated Pension & Annuities Multi Sector 30 Average					ASSIRT Allocated Pension & Annuities Multi Sector 50 Average				
<b>Historical Crediting Rates</b>	1998-99: 4.9% 1999-00: 5.4% 2000-01: 6.7% 2001-02: 4.1% 2002-03: 5.6%					1998-99: 5.7% 1999-00: 8.0% 2000-01: 7.7% 2001-02: 2.6% 2002-03: 6.4%				

## IRIS ALLOCATED PENSION - SUMMARY OF INVESTMENT OPTIONS

	IRIS Growth Portfolio					IRIS High Growth Portfolio				
<b>Investment Objective</b>	To achieve returns that exceed the inflation rate (CPI) by 3-5% per annum, on a rolling five-year basis. To invest a significant proportion of the Investment Portfolio in growth assets such as shares and property.					To provide returns that exceed the inflation rate (CPI) by 4-6% per annum, on a rolling seven-year basis. To predominantly invest in Australian and international shares.				
<b>Risk/Return Profile</b>	Moderate-High					High				
<b>Minimum Investment</b>	\$10,000					\$10,000				
<b>Asset Allocation</b> We aim to invest the Investment Portfolios according to the target investment mix as shown. However, there may be times when an investment Portfolio's asset mix falls outside these targets.	<b>Asset Class</b>	<b>Range</b>	<b>Strategic Allocation</b>	<b>30 June 2003</b>	<b>30 June 2002</b>	<b>Asset Class</b>	<b>Range</b>	<b>Strategic Allocation</b>	<b>30 June 2003</b>	<b>30 June 2002</b>
	Australian Shares	40-50%	45%	44.6%	44.0%	Australian Shares	45-60%	50%	52.2%	53.7%
	International Shares	10-20%	15%	13.6%	11.5%	International Shares	35-55%	45%	43.8%	40.6%
	Australian Property	10-20%	15%	15.8%	19.5%	Cash	0-10%	5%	4.0%	5.7%
	Australian Fixed Interest & Cash	10-20%	15%	17.8%	14.4%					
	International Fixed Interest	5-15%	10%	8.1%	10.5%					
<b>MER</b> (Management Expense Ratio – per annum)	1.2%					1.2%				
<b>Transaction Costs</b> (percentage of sum transacted)	0.175%					0.275%				
<b>Benchmark Index</b>	ASSIRT Allocated Pension & Annuities Multi Sector 70+ Average					ASSIRT Allocated Pension Diversified Shares 50%, ASSIRT Allocated Pension International Shares 45%, ASSIRT Allocated Pension Cash 5%				
<b>Historical Crediting Rates</b>	1998-99: 11.7% 1999-00: 14.5% 2000-01: 8.7% 2001-02: -1.9% 2002-03: 2.1%					1998-99: N/A* 1999-00: N/A* 2000-01: N/A* 2001-02: -8.7% 2002-03: -6.4%				

\* Fund commenced on 24 May 2001

## FINANCIAL STATEMENTS

The Financial Statements as summarised are derived from the audited accounts of the IRIS Allocated Pension for the year ended 30 June 2003. A copy of the audited accounts, and associated audit report, can be obtained by contacting IRIS on 1300 367 485.

The annual audit has been completed and the auditor has issued an unqualified opinion on the Fund's financial statements. The audited financial statements and the auditor's report are available upon request.

### Statement of Financial Position

	2003	2002
	\$	\$
Investments	113,931,465	83,435,664
Other assets	770,139	977,873
Total assets	114,701,604	84,413,537
Total liabilities	717,959	689,635
Net assets available to pay benefits	113,983,645	83,723,902
Represented by:		
Members' funds	113,931,465	83,435,664
Amounts not yet allocated	52,180	288,238

### Operating Statement

	2003	2002
	\$	\$
Investment revenue	4,550,287	1,387,044
Contribution revenue	42,421,225	35,859,358
Other revenue	69,413	169,362
Total revenue from ordinary activities	47,040,925	37,415,764
Less expenses from ordinary activities	1,183,779	685,149
Benefits accrued as a result of operations before income tax	45,857,146	36,730,615
Income tax expense / (benefit)	(50,633)	(121,719)
Benefits accrued as a result of operations after income tax	45,907,779	36,852,334
Less income not allocated to members	(236,058)	288,238
Benefits accrued as a result of operations	46,143,837	36,564,096

### Statement of Cash Flows

	2003	2002
	\$	\$
Cash flows from operating activities	25,754,404	28,077,415
Cash flows from investing activities	(25,874,538)	(27,704,544)
Cash flows from financing activities	360,630	(7,501)
Net increase in cash held	240,496	365,370
Cash at beginning of reporting period	365,370	0
Cash at the end of reporting period	605,866	365,370

## ADDITIONAL INFORMATION

Super Members Investments Limited, as trustee of the IRIS Allocated Pension Fund, is responsible for ensuring that IRIS is managed in accordance with its trust deed and the regulations under the Superannuation Industry (Supervision) Act 1993. The directors of Super Members Investments Limited are:

**G A Weaven (Chair)**

**A M Corboy**

**H C Hewett**

**D J Goodear**

**G A Grant**

Directors were appointed by the Trustee in accordance with the Trust Deed. Copies of the Trust Deed are available upon request.

### Investment Managers

All of the investment managers have been selected on the basis of their professional management experience in the relevant asset class. SMI monitors and reviews the investment managers on an ongoing basis to ensure that they deliver consistent returns. At the date of this Annual Report, SMI uses the following investment managers.

Asset Class	Investment Manager
Cash	National Australia Bank <sup>3</sup>
Australian Fixed Interest	Bardclays Global Investors
	Industry Fund Services Pty Ltd
International Fixed Interest	PIMCO
Property	Bardclays Global Investors
	Industry Superannuation Property Trust
Australian Shares	Perpetual Investments
	Bardclays Global Investors
International Shares	Capital International
	Bardclays Global Investors

Note: At any time, Super Members Investments Limited may change, without notice, any investment manager or the amount allocated to any investment manager.

### Fees & Charges

The IRIS Investment Portfolios have a simple, straight-forward pricing structure, with no commissions paid to any financial advisers.

No entry fees, or switching fees apply to any investment in any of the Investment Portfolios.

However, transaction costs do apply (as described

on pages 3 and 4). There is a \$1.00 charge for pension payments.

The management fee of 1.2% per annum is charged to your account each month in arrears based on the value of your account on the last day of the month. The maximum management fee allowed under the Trust Deed is 2.5% per annum. However, the above management fee will not change without first giving 30 days notice to members in writing.

The Trustee undertakes to notify all members of any increase in fees and charges at least 21 days before the increase takes effect. Please call 1300 367 485 if you require further clarification in relation to fees and charges.

### Complaints

If you have a complaint about your investment, please contact our investor services centre on 1300 367 485 or write to:

**Complaints Resolution Officer**  
**IRIS Administration**  
**Locked Bag 200**  
**Carlton South VIC 3053**

<sup>3</sup>Cash is held on deposit with National Australia Bank which act as Custodian for the Funds.

## ADDITIONAL INFORMATION

Upon receipt of your complaint we will:

- Acknowledge the complaint promptly and inform you when you should expect to receive a response;
- Investigate the complaint in a timely manner;
- Respond to you in writing within 45 days.

If you are unhappy with the outcome of your complaint, you may complain to the Superannuation Complaints Tribunal (SCT) in writing to Locked Bag 3060, GPO Melbourne VIC 3001 or phone 131 434.

The Tribunal is an independent body established by the Government to help members of superannuation funds and their dependants resolve certain types of complaints about decisions made by Fund Trustees where the complaint is not resolved by the Fund's complaint-handling process.

### Insurance and Indemnification

The Trustee, Super Members Investments Limited has taken out indemnity insurance.

No insurance premiums are paid from the assets of the Fund for insurance cover provided to either Super Members Investments Limited or the auditors of the

IRIS Allocated Pension. Provided that the officers of Super Members Investments Limited act in accordance with the Trust Deed and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

### Related Party Transactions

No fees were paid to the directors of the Trustee during the period out of the assets of the Fund. The Trustee held no interests in the Fund at the end of the financial year.

### Environmental Regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

### Auditor

Price Waterhouse Coopers continues in office in accordance with Section 327 of the Corporations Act 2001.

Additional information in relation to the IRIS Allocated Pension is available by calling 1300 655 286. IRIS has provided all information it reasonably believes a product holder would reasonably need for the purpose of understanding the management and financial condition of the Fund and understanding the investment performance of the Fund.

**“We are impressed with the service. We find the IRIS people helpful. Best of all are the earnings on our investment. The returns are very good, higher than the bank thank you very much.”**

**Monica Mitchell, IRIS Member**



The information in this document is of a general nature as it has not taken your financial situation into consideration. Prior to making a financial decision you should satisfy yourself that it is appropriate to your circumstances. The information in this document is also given in good faith and believed to be accurate. Super Members Investments Limited does not give any warranty of reliability or accuracy or accept any responsibility arising in any way including by reasons of negligence for any errors or omissions herein. Neither Super Members Investments Limited nor any service provider guarantees the investment performance or capital of any investment option.

# CALENDAR 2004

**New Years Day**  
**Australia Day**  
**Good Friday**  
**Easter Monday**  
**Anzac Day**  
**Anzac Day Holiday (Ex VIC)**

Thursday  
 Monday  
 Friday  
 Monday  
 Sunday  
 Monday

1 January  
 26 January  
 9 April  
 12 April  
 25 April  
 26 April



## JANUARY 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

## FEBRUARY 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29						

## MARCH 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## APRIL 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

# CALENDAR 2004

Queens Birthday (Ex WA)

Monday

14 June



## MAY 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

## JUNE 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

## JULY 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

## AUGUST 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

# CALENDAR 2004

Christmas Day  
 Boxing Day (Ex SA)  
 Christmas Holiday  
 Boxing Day Holiday  
 (Ex NSW, VIC, SA)

Saturday 25 December  
 Sunday 26 December  
 Monday 27 December  
 Tuesday 28 December



## SEPTEMBER 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

## OCTOBER 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
31					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

## NOVEMBER 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## DECEMBER 2004

Sun	Mon	Tues	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	



**Superannuation Fund: 5092 140 12**  
**Industry Funds Retirement Income Services**  
**(IRIS) – Allocated Pension**

Trustee: Super Members Investments Limited ACN 095 974 100

IRIS Administration,

Locked Bag 200, Carlton South, VIC 3053

Telephone: 1300 367 485

Email: [iris@supermembersinvestments.com.au](mailto:iris@supermembersinvestments.com.au)

Website: [www.supermembersinvestments.com.au](http://www.supermembersinvestments.com.au)