



For further information about the methodology used by Chant West, see www.chantwest.com.au



VISSF 2018 Annual Report

The Victorian Independent Schools Superannuation Fund
ABN 37 024 873 660 RSE Registration Number R1000436
MySuper Authorisation 37024873660599
Trustee: VIS Nominees Pty Limited
ABN 11 006 586 367 AFS Licence Number 235097
RSE Licence Number L0000321

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Accumulation members (as at 31 January 2018)

	Compound average %			
	1 year	3 years	5 years	10 years
All Growth	16.3	9.8	11.6	6.1
Balanced	12.9	7.9	9.7	6.1
Conservative	7.1	5.0	6.2	5.7
Cash	1.1	1.4	1.6	2.6
Defined Benefit	13.2	8.2	9.9	6.3
Inflation CPI	1.9	1.7	1.9	2.3

Pension members (as at 30 June 2017)

	Compound average %			
	1 year	3 years	5 years	10 years
All Growth	17.7	9.9	14.9	4.5
Balanced	13.4	8.6	12.4	5.5
Conservative	7.2	6.2	8.1	6.4
Cash	1.6	2.0	2.3	3.2
Inflation CPI	1.9	1.5	2.0	2.4



CHAIRMAN'S MESSAGE

Welcome to VISSF's 2018 Annual Report.

Members will be pleased to learn that VISSF has continued its strong performance throughout the year ending 31 January 2018. Financial markets finished on a strong note, with the diversified options benefiting from their exposure to growth assets such as Australian and global shares.

The All Growth option produced a 16.3% return for members, one of our best yearly returns over the past five years, while the Balanced and Conservative options delivered 12.9% and 7.1% respectively. Options with higher weightings towards growth assets were the strongest performers. VISSF continues to maximise returns relative to inflation, significantly outperforming our CPI relative investment objectives across all periods to 31 January 2018.

2017 has seen the introduction of our new insurance online tools, making it easier for members to manage their insurance. Members can now determine their cover needs and get a premium estimate using the interactive calculator, transfer or arrange extra cover securely online and get their insurance claim sorted quickly using our online forms.

For members who have an online account, you may have seen our new Super Consolidator tool, which allows you to find all your super and combine your accounts with the click of a button. Worth considering if you want to save on multiple sets of fees and have your money work harder for you. Plus, no more forms means the process is quick and easy.

Finally, through our partnership with Link Advice, we have provided more than 350 members with valuable super and retirement advice. From time to time, one of our VISSF team members at Link Advice may call to see if you have any questions. If you do, please ask. They're here to make your life easier.

You can learn more about our advice and member services by calling our Client Services Team on 1300 660 027.

Sincerely,

Peter Sharples

FUND MANAGEMENT

Trustee

VIS Nominees Pty Limited

- Manages VISSF and ensures it is run in accordance with any legislative requirements, the Trust Deed and members' best interests.
- The six directors meet most months and are elected for a two year term, with half retiring each year. They can stand for re-election and, if unopposed, be re-appointed.
- To learn more about who elects directors and how, please visit www.vissf.com.au/publicly-available-information
- The Trustee holds indemnity insurance cover for their role and there were no penalties imposed on responsible persons of the Trustee under the Superannuation Industry (Supervision) Act during the reporting period.

Investment management

Russell Investment Management Limited ABN 53 068 338 974

- Invests in multi-manager funds specialising in particular asset sectors, which are used to form VISSF's four investment options.
- These funds include a number of different independent investment managers, which Russell Investment may change at any time in order to meet VISSF's objectives.

Directors year ended 31 January 2018

Member Representative	Employer Representative
Susan Paice (Deputy Chair) Korowa	Peter Sharples (Chair) Ruyton
Peter Buckingham Tintern	Ian Benskin Mentone Girls'
Anne Saunders Lowther Hall	Christopher Malkin Tintern

Policy committee

- Each VISSF school can appoint two representatives – one from the school's governing body and one from members at the school.
- Employer representatives on this committee elect three of their number to act as employer directors on the Trustee board, and member representatives elect three of theirs as member directors.

Policy Committee Members year ended 31 January 2018

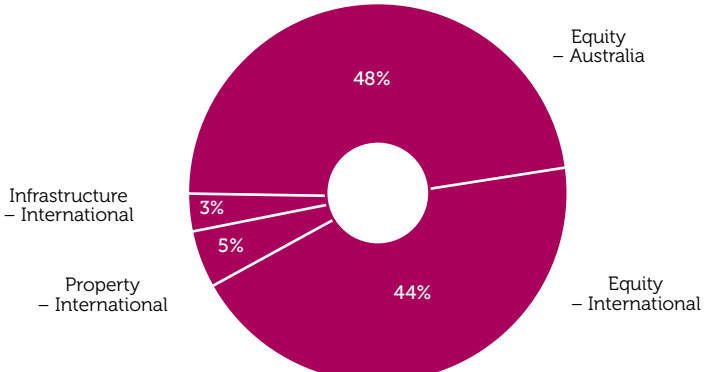
VISSF School	Employer Representative	Member Representative
Australian International Academy	–	Ian Coulter
Fintona	–	Julie Goldsworthy
Firbank	Georg Robers	–
Girton	–	Debbie Adams
ISV	Warren Allan	Kerrie Knopp
Korowa	–	Susan Paice
Lauriston	Sarah Barton	–
Lowther Hall	–	Anne Saunders
Melbourne	–	Judy Chan
Mentone	Ian Benskin	–
MLC	James Berry	–
PLC	Hamish Blair	–
Ruyton	Peter Sharples	–
Shelford	–	Jules Aldous
Tintern	Christopher Malkin	Peter Buckingham
Westbourne	–	Caron Condie

INVESTMENT OPTIONS

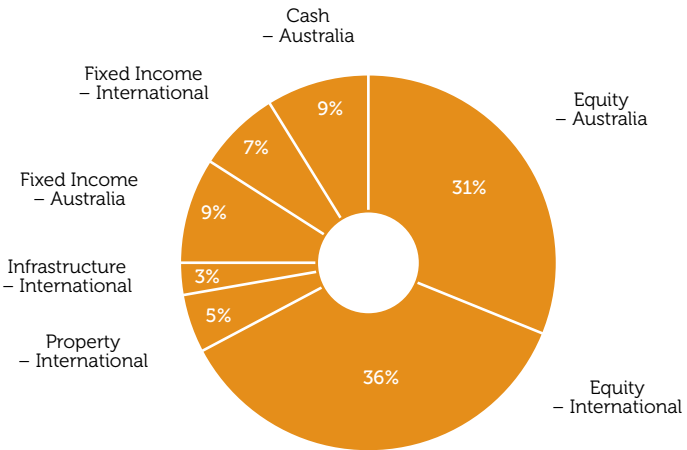
VISSF offers four investment options, including a Balanced Option, which is an authorised MySuper product. The other investment options are All Growth, Conservative and Cash. You can choose one option or a combination of different options. If you don't make a choice, or your choice is unclear, your super will be invested in the Balanced Option.

When choosing a MySuper product or an investment option in which to invest, you must consider the likely investment return, the risk and your investment timeframe.

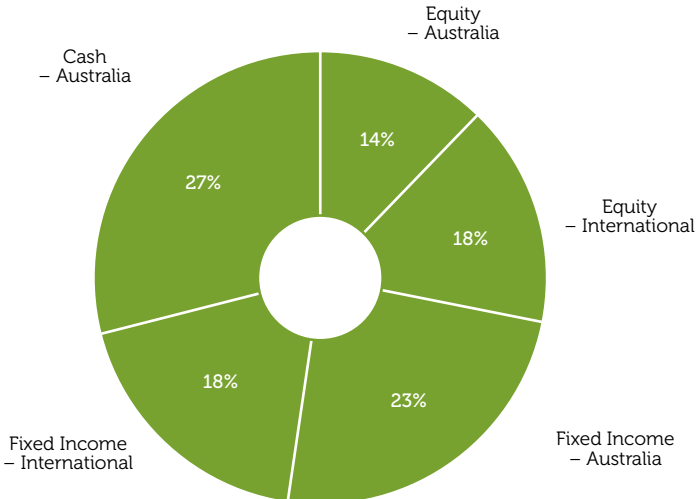
All Growth Option

<p>Description of option and type of investors for whom it is intended to be suitable</p>	<p>In the All Growth Option, 100% of your super is invested in growth assets such as shares and property.</p> <p>Generally an investor in this type of option is likely to be looking for higher investment returns over the long term. They have got the time to ride out investment fluctuations – even watching their benefit go through large ups and downs in performance.</p>																														
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<p>Investment return objectives</p>	<p>The All Growth Option aims to:</p> <ul style="list-style-type: none"> • achieve over rolling seven year periods, a rate of return, after expected tax and fees, in excess of CPI + 3.5%; • achieve over rolling seven year periods, a rate of return in excess of the median of our relevant peers, as measured by the relevant All Growth Universe; and • maximise the after tax rate of return above inflation, as measured by CPI, over rolling seven year periods, subject to the following constraints: <ul style="list-style-type: none"> • recognising a greater risk of experiencing a negative return in any one year than the Balanced Option; and • maintaining sufficient liquidity to enable the fund to meet its commitments. 																														
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Balanced Option

<p>Description of option and type of investors for whom it is intended to be suitable</p>	<p>In the Balanced Option (authorised MySuper product), approximately 75% of your super is invested in growth assets such as shares and property and approximately 25% in income assets such as bonds and cash.</p> <p>Generally an investor in this type of option is likely to be looking for high investment returns over the medium to long term. They have still got the time to ride out investment fluctuations.</p>																																								
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<p>Investment return objectives</p>	<p>The Balanced Option aims to:</p> <ul style="list-style-type: none"> achieve over rolling five and ten year periods, a rate of return, after expected tax and fees, in excess of CPI + 3.0%; achieve on a rolling five and ten year basis, a rate of return in excess of the median of our relevant peers, as measured by the relevant Growth Universe; and maximise the after tax rate of return above inflation, as measured by CPI, over rolling five and ten year periods, subject to the following constraints: <ul style="list-style-type: none"> recognising a greater risk of experiencing a negative return in any one year than the Conservative Option; and maintaining sufficient liquidity to enable the fund to meet its commitments. 																																								
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Conservative Option

<p>Description of option and type of investors for whom it is intended to be suitable</p>	<p>In the Conservative Option, 32% of your super is invested in growth assets such as shares and property and 68% in income assets such as bonds and cash.</p> <p>Generally an investor in this type of option is likely to be looking for fairly stable investment returns over the medium to long term. They know long term investment returns are likely to be lower than the higher risk options of All Growth and Balanced but they also know there is less chance of reducing the value of their benefit in the short term.</p>																																				
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Cash - Australia	25 – 29%	27.0%	27.2%																																		
Total Income Assets	66 – 70%	68.0%	67.6%																																		
<p>Investment return objectives</p>	<p>The Conservative Option aims to:</p> <ul style="list-style-type: none"> • achieve over rolling three year periods, a rate of return, after expected tax and fees, in excess of CPI + 1.5%; • achieve on a rolling three year basis, a rate of return in excess of the median of our relevant peers, as measured by the relevant Conservative Growth Performance Universe; and • maximise the after tax rate of return above inflation, as measured by CPI, over rolling three year periods, subject to the following constraints: <ul style="list-style-type: none"> • expecting to earn a positive rate of return over most 12 month periods; and • maintaining sufficient liquidity to enable the fund to meet its commitments. 																																				
<p>Minimum suggested time frame for holding the investment</p>	<p>3 years</p>																																				
<p>Standard Risk Measure: Risk Band and Label</p>	<p>Risk Band: 4 Risk Label: Medium</p>																																				
<p>Estimated number of negative annual returns over any 20 year period</p>	<p>2 to less than 3</p>																																				
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Cash Option

Description of option and type of investors for whom it is intended to be suitable	<p>In the Cash Option, 100% of your super is invested in Australian cash.</p> <p>Generally an investor in this type of option is likely to be looking to protect the capital value of their superannuation and achieve stable returns. They know long term investment returns are likely to be low compared to other options but they are seeking to protect their investment from the chance of any negative returns in the short term.</p>		
Asset class		ALLOWABLE RANGE	ACTUAL ALLOCATION 31.1.18 31.1.17
	Cash - Australia	100%	100% 100%
	Total Income Assets	100%	100% 100%
Investment return objectives	<p>The Cash Option aims to provide exposure to a diversified portfolio of investment grade cash and cash equivalent securities, providing a total return, after costs and tax, in line with the Bloomberg AusBond Bank Bill Index over the short term.</p>		
Minimum suggested time frame for holding the investment	Short Term		
Standard Risk Measure: Risk Band and Label	<p>Risk Band: 1 Risk Label: Very Low</p>		
Estimated number of negative annual returns over any 20 year period	Less than 0.5		

INVESTMENTS

	As at 31 January 2018 \$'000	As at 31 January 2017 \$'000
Russell Managed Investment Funds		
Australian Bond Fund Class A	9,587	9,732
Australian Cash Fund Class A	3,834	4,822
Australian Shares Fund Class A	12,128	12,241
International Bond A\$ Hedged Class A	7,436	7,594
International Shares Fund Class A	5,587	5,849
International Shares A\$ Hedged Class A	6,829	7,044
Australian Opportunities Fund	12,217	12,518
International Property Securities A\$ Hedged	3,069	3,085
Global Opportunities Fund	5,902	5,709
Australian Cash Enhanced Fund Class A	10,562	10,713
Emerging Markets Fund Class A	2,082	2,180
Global Opportunities Fund \$A Hedged Class A	6,569	7,059
Global Listed Infrastructure Fund \$A Hedged Fund Class A	1,764	1,747
Russell Pooled Superannuation Trust		
International Shares Unit	50,449	43,945
International Shares Unit A\$ Hedged	62,732	53,344
Australian Bond Unit	52,968	46,076
International Bond Unit \$A Hedged	40,881	35,972
Australian Cash Unit	17,388	28,966
Australian Opportunities Unit	114,793	97,304
International Property Securities \$A Hedged	30,703	26,511
Global Opportunities Unit	51,410	44,403
Emerging Markets	23,093	18,673
Australian Cash Enhanced Unit	54,729	48,741
Global Opportunities Unit \$A Hedged	62,315	54,170
Global Listed Infrastructure Unit \$A Hedged	17,869	15,753
After Tax Australian Shares Unit PST	114,229	98,312
Total Investments	781,125	702,463
Cash at Bank – National Australia Bank Limited	2,755	4,071
Total Cash and Investments	783,880	706,534

PERFORMANCE

The amount of earnings, whether positive or negative, applied to your VISSF Super or Pension Account depends on the investment option/s you are in and how underlying investments perform. Investment fees, indirect costs and any applicable taxes are deducted from the investment earnings when calculating the crediting rates.

Past performance is not a reliable indicator of future performance. There is no guarantee of the performance of any of VISSF's investment options and your account balance may rise or fall with movements in investment markets.

Accumulation Section crediting rates for the years ended 31 January

	2014 %	2015 %	2016 %	2017 %	2018 %	Compound average %	
						per annum 5 year	per annum 10 year
All Growth	16.1	12.9	-2.5	16.6	16.3	11.6	6.1
Balanced	13.0	11.8	-1.2	12.7	12.9	9.7	6.1
Conservative	7.5	8.7	0.5	7.4	7.1	6.2	5.7
Cash	2.0	1.8	1.6	1.4	1.1	1.6	2.6
Defined Benefit	13.2	12.0	-1.0	13.0	13.2	9.9	6.3
Inflation CPI	2.7	1.7	1.7	1.5	1.9	1.9	2.3

Minimum benefit members' crediting rates, are set out in their annual statement. From 1 February 2011 to 31 January 2015 crediting rates were slightly lower than those for non-minimum benefit members while a minimum benefit reserve was being established. As of 1 February 2015, this reduction was removed as the minimum benefit reserve reached a satisfactory position.

Defined benefit members

The Trustee aims to keep the value of assets in the defined benefit sub-plans exceeding the value of vested benefits in each plan. Each defined benefit employer has agreed to contribute at the rate of contributions recommended by VISSF's independent actuary.

Pension Section crediting rates for the years ended 30 June

	2013 %	2014 %	2015 %	2016 %	2017 %	Compound average %	
						per annum 5 year	per annum 10 year
All Growth	25.6	20.0	12.8	0.0	17.7	14.9	4.5
Balanced	20.2	16.5	11.3	1.4	13.4	12.4	5.5
Conservative	11.5	10.5	8.0	3.4	7.2	8.1	6.4
Cash	2.9	2.4	2.4	2.0	1.6	2.3	3.2
Inflation CPI	2.4	3.0	1.5	1.0	1.9	2.0	2.4

*Average since 1 September 2007 being the commencement date of the Cash investment option for Pension members.

Applying earnings

Your Member Account is updated with earnings:

- at 31 January (30 June for pensions) each year;
- when all or part of your benefit is paid from VISSF;
- when you make an investment switch; or
- when all or part of your benefit is transferred to or from the Pension Section.

Crediting rates are applied to:

- your opening account balance at the start of the year;
- contributions, transfers or rollovers received; (where applicable) and
- adjustments for any amounts, such as surcharge assessments paid to the ATO, Family Law Splits, administration fees, insurance premiums and taxes, that are deducted from your account.

Generally, the Trustee determines crediting rates each week. Earnings are applied to transactions in your Member Account based on the number of days invested.

ADDITIONAL INFORMATION

Eligible Rollover Fund

VISSF reserves the right to transfer any 'inactive' member with a benefit less than \$200 in the Retained Benefits Section to the appointed Eligible Rollover Fund (ERF). A member is deemed to be 'inactive' where no contributions or transfers have been paid into their account in the previous financial year. Where possible, VISSF will give you 30 days' notice before any such transfer. The ERF used by VISSF is:

SuperTrace ERF

Locked Bag 5429 Parramatta NSW 2124

Telephone: 1300 788 750 Facsimile: 1300 700 353

Website: www.supertrace.com.au

The SuperTrace ERF ABN is 73 703 878 235.

If your benefit is transferred to the ERF you will no longer be a member of VISSF and therefore will have no further entitlements in VISSF. It is important you note the ERF will not provide any insured benefits and the level of fees and number and types of investment options may be quite different from VISSF. The Trustee reserves the right to change the nominated ERF. If this happens, members will be advised of the change.

Derivatives policy

The Trustee does not undertake day to day management of derivative instruments. However, VISSF may be exposed to derivative instruments through its investment in the underlying funds. The main objective of derivatives is to more efficiently manage the assets of the underlying funds.

Super Surcharge

While the surcharge does not apply to contributions paid on or after 1 July 2005, assessments in respect of contributions and payments for the year ended 30 June 2005 and prior years may continue to be issued by the Australian Taxation Office and remain payable. If VISSF is required to pay surcharge tax in respect of contributions made for you, the tax will be deducted from your Member Account or final benefit. Your annual member statement will disclose any surcharge tax that has been deducted.

Privacy

Australian Privacy Principles in the Privacy Act regulate the way VISSF collects, uses, discloses, secures and gives members access to their personal information.

Information collected in administering your account will only be used for the purpose for which it was supplied and will not be disclosed to a third party unless required by law or authorised by you. If you want another party such as your spouse or financial adviser to access information regarding your benefits, you need to give VISSF written authority to release it.

To obtain a copy of VISSF's Privacy Policy visit www.vissf.com.au/privacy-policy

RESERVES

VISSF maintains three reserves:

- The **benefit and expense reserve**, invested in the Balanced option, is used to meet unexpected expenses and timing differences between deductions and payments. It may help contribute to the minimum benefit reserve and/or the operational risk reserve as determined by the Trustee.
- The **minimum benefit reserve**, invested in the Balanced option, is mainly funded through a reduction in earnings attributable to minimum benefit members. This reserve is used to help meet any minimum benefit payment owing to a minimum benefit member, that is not covered by their own account balance.
- The **operational risk reserve**, invested in the Balanced option, is required by legislation. The Trustee must maintain adequate financial resources to address losses arising from operational risks that may affect its business operations.

Where a reserve arises in VISSF's defined benefit section, the reserve applicable to each defined benefit school, as determined by the actuary, is applied to manage the funding of benefits by that employer.

FINANCIAL REPORT

Abridged financial information	Year ended 31 January 2018 \$'000	Year ended 31 January 2017 \$'000 ¹
Statement of Financial Position		
Assets		
Cash and cash equivalents	3,081	4,071
Receivables and other assets	98	70
Investments	781,125	702,463
Deferred tax assets	68	12
Total assets	784,372	706,616
Liabilities		
Payables	(587)	(204)
Income tax payable	(1,101)	(939)
Total liabilities excluding member benefits	(1,688)	(1,143)
Net assets available for member benefits	782,684	705,473
Member benefits		
Member liabilities	(754,787)	(677,899)
Unallocated to members	(16)	(745)
Total member liabilities	(754,803)	(678,644)
Net assets	27,881	26,829
Equity		
Benefit and expense reserve	(4,497)	(4,560)
Minimum benefit reserve	(5,281)	(4,662)
Operational risk reserve	(2,387)	(2,019)
Defined benefits that are (over) or under funded	(15,716)	(15,588)
Total equity	(27,881)	(26,829)
Income Statement		
Superannuation activities		
Interest and other income	56	25
Investment income	90,412	76,905
Total superannuation activities income	90,468	76,930
Administration and operating expenses	(2,054)	(2,338)
Other expenses	(150)	(100)
Total expenses	2,204	2,438
Net profit from superannuation activities	88,264	74,492
Net change in benefits allocated to member accounts and member liabilities	(87,871)	(72,555)
Profit/(loss) before income tax	393	1,937
Income tax benefit	659	1,115
Profit after income tax	1,052	3,052

¹ The financial position and results of operations of VISSF were affected by the adoption of AASB 1056 Superannuation Entities that applies to annual reporting periods beginning on or after 1 July 2016. As a result the Trustee has restated the amounts previously disclosed under AAS 25 Financial Reporting by Superannuation Plans for the year ended 31 January 2017.

If you would like a copy of VISSF's audited financial accounts and auditor's report, available after 30 April 2018, please telephone 1300 660 027. Members can visit www.vissf.com.au/publicly-available-information to obtain copies of other documents such as the Trust Deed and Rules, procedures for appointment and removal of Directors, and VISSF's actuarial report.

	Year ended 31 January 2018 \$'000	Year ended 31 January 2017 \$'000
Statement of Changes in Member Benefits		
Opening balance as at 1 February	678,643	617,662
Contributions	43,890	39,944
Transfer from other superannuation plans	6,909	6,112
Government contributions	323	304
Income tax on contributions	(4,955)	(4,944)
Net after tax contributions	46,167	41,416
Benefits paid	(56,581)	(52,243)
Insurance premiums charged to members' accounts	(1,865)	(1,701)
Death and disability insurance benefits credited to members' accounts	567	955
Benefits allocated to members' accounts	88,000	76,909
Net change in benefits allocated to member accounts and member liabilities	(128)	(4,354)
Closing balance as at 31 January	754,803	678,644

	Year ended 31 January 2018 \$'000	Year ended 31 January 2017 \$'000	Year ended 31 January 2016 \$'000
Statement of Changes in Reserves			
Benefit and Expense Reserve			
Opening Balance	4,560	4,829	3,800
Transfer (to)/from member accounts	-	-	1,506
Transfers between reserves	(197)	-	(665)
Profit/(loss)	134	(269)	188
Closing Balance	4,497	4,560	4,829
Minimum Benefit Reserve			
Opening Balance	4,662	4,242	4,271
Transfer (to)/from member accounts	20	(121)	-
Transfers between reserves	-	-	-
Profit/(loss)	599	541	(29)
Closing Balance	5,281	4,662	4,242
Operational Risk Reserve Reserve			
Opening Balance	2,019	1,991	1,305
Transfer (to)/from member accounts	-	-	665
Transfers between reserves	197	-	-
Profit/(loss)	171	28	21
Closing Balance	2,387	2,019	1,991
Over/(under) funding of defined benefits			
Opening Balance	15,588	12,716	-
Transfer (to)/from member accounts	-	-	-
Transfers between reserves	-	-	-
Profit/(loss)	128	2,872	-
Closing Balance	15,716	15,588	-



The Victorian Independent Schools Superannuation Fund

Phone 1300 660 027

Post GPO Box 4974 Melbourne Vic 3001

Email super@vissf.com.au

Web www.vissf.com.au

The Trustee provides this annual report to give you all the information you would reasonably need for the purpose of understanding the management, financial condition and investment performance of VISSF for the year ended 31 January 2018.

This Annual Report is a summary of significant information and contains a number of references to important information. You should consider information contained in the Product Disclosure Statement (PDS) before making a decision about investing in The Victorian Independent Schools Superannuation Fund (VISSF).

The information provided in this Annual Report is general information only and does not take into account your personal financial situation or needs. You should consider obtaining advice that is tailored to suit your personal circumstances.

You can obtain a copy of this and previous Annual Reports, the PDS and any of the reference documents, including the Member Guide and Insurance Guide, free of charge from our website www.vissf.com.au/pds-documents or by telephoning us on 1300 660 027. When requesting by telephone, the Trustee is required to provide the information to you within 8 business days.

The information contained in this Annual Report is up-to-date at its preparation. However, some of the information can change from time to time. If there is a material change, inaccurate statement or omission, the Trustee will inform you as required or provide updated information on its website. If there is any disagreement between the Trust Deed and this report, the Trust Deed will be the final authority.

This Annual Report is issued on 30 April 2018 by the Trustee of The Victorian Independent Schools Superannuation Fund (ABN 37 024 873 660, RSE Registration number R1000436, MySuper Authorisation 37024873660599) VIS Nominees Pty Ltd (ABN 11 006 586 367, AFS Licence number 235097, RSE Licence number L0000321).