

Pearl - Superannuation

Annual Report 2024

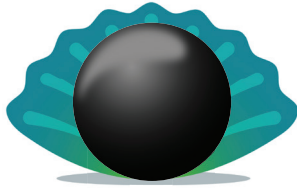
Pearl - Superannuation (being a sub-fund of the Fund) is issued by Fiducian Portfolio Services Limited ABN 13 073 845 931, AFSL 231101, RSE Licence Number L0001144 as Trustee of the Fiducian Superannuation Fund, ABN 57 929 339 093, RSE R1004298, SPIN FPS0101AU (Fund).

Trustee and Issuer

Fiducian Portfolio Services Limited
ABN 13 073 845 931, AFSL 231101, RSE Licence Number L0001144
Level 4, 1 York Street, Sydney, NSW 2000 Australia, GPO Box 4175, Sydney NSW 2001 Australia
Telephone: +61 (2) 8298 4600; Fax: +61 (2) 8298 4611

Distributor

Pearl Funds Management Pty Ltd ACN 616 471 580 AFS Representative Number 001254808
Ground Floor, Suite 2/622 Ferntree Gully Rd, Wheelers Hill VIC 3150
Telephone: 03 9595 3855; Email: pearlonline@fiducian.com.au
Pearl Client Services: 1800 653 263; website: <https://page.fiducian.com.au/pearl>



Pearl - Superannuation

Annual Report 2024

CONTENTS

From the Trustee	1
Economic overview	2
Financial markets overview	3
Superannuation update for 2023/2024	4
Investments and investment returns as at 30 June 2024	6
Asset allocation as at 30 June 2024	7
Long term return objectives	8
Investment managers	9
Financial accounts	10
Statutory information	12

In this Report:

Trust Deed means the Fiducian Superannuation Service Trust Deed adopted on 23 September 2011.

We, us and **our**, means Fiducian Portfolio Services Limited ABN 13 073 845 931 the Trustee of the Pearl - Superannuation.

You and **your** is a reference to a member of Pearl - Superannuation.

Client Services 1800 653 263
Client Services email info@fiducian.com.au
Fiducian Online fiducian.com.au

From the Trustee

Dear Member,

On behalf of the Trustee Directors and the Management team of the Fiducian Superannuation Fund (the Fund) I am pleased to present the Fund's Annual Report for the year ended 30 June 2024.

The Fund continues to grow strongly, with member numbers increasing by 9.97% to 8,825. During the year member contributions exceeded \$460 million. Our total assets of \$2,603,485,000 include sub-funds Auxilium Superannuation, AMFG Superannuation, Pearl Superannuation, Loyalty Wealth Superannuation and I AM Superannuation.

The past financial year has been one of significant volatility in investment markets. Details of all investments available to you are set in this Report together with returns over periods to 30 June 2024.

As your Trustee, we have structured the Fund so that members have access to a broad range of investment products to allow effective opportunities for diversification across asset sectors and between different investment managers.

I am also pleased to report that our service providers performed well during the year and continued to provide our members with seamless support.

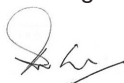
I would like to thank all Directors on the Trustee Board for their diligence during what has been another successful year.

I would also like to thank the Fund's Management team for their fabulous support over the year.

We would like to invite members to join us at our Annual Members' Meeting which will be held in December 2024. Full details will be sent to you prior to the Meeting.

As always, we remain fully committed to providing you, our members, with a Fund that enables you to achieve your retirement goals. We thank you for your continued support.

Kind regards



Drew Vaughan

Chairman

Fiducian Portfolio Services Limited –

Trustee of the Fiducian Superannuation Service

Economic overview

Global economy

The global economy has been able to sustain growth at close to its longer-term trend rate, despite tight monetary policy continuing to be implemented by most of the world's major central banks in an effort to push inflation lower and back into target ranges. However, as the International Monetary Fund (IMF) noted in its October report, 'the global battle against inflation has largely been won'. As a result, monetary policy is now in the process of being loosened, with interest rates having been cut twice since June by the European Central Bank and once in September by the US central bank (the 'Fed'). The IMF notes that this 'will support activity at a time when many advanced economies' labour markets are showing signs of weakness, with rising unemployment rates', while the expectation of lower interest rates has also been providing support for key markets. To speed up further loosening of monetary policy, fiscal policy now needs to be tightened as well. In the IMF's words, 'it is now time to stabilise debt dynamics and rebuild much-needed fiscal buffers', particularly in the US, where the federal deficit remains excessive and government debt has been rising rapidly. In this environment, the IMF's prescription is for 'the policy mix to shift from monetary to fiscal tightening, with an added requirement being the need for 'structural reforms to lift medium-term growth prospects'. These include the implementation of 'ambitious domestic reforms that boost technology and innovation, improve competition and resource allocation, further economic integration and stimulate productive private investment'. Despite 'persistent structural headwinds, such as population ageing and weak productivity growth', real (inflation adjusted) global growth is forecast to be 3.2% this year and again in 2025, although 'risks to the global outlook are tilted to the downside'. The advanced economies as a group are forecast to grow by 1.8% this year and next, with the developing world likely to do better with forecast growth of 4.2% in both years.

In the case of the US, the economy expanded at a solid pace in the September quarter (by 2.8% at an annualised rate), mostly due to household and government spending, while private investment was weak. The central bank (the 'Fed') has continued its efforts to bring down inflation and has seen the annual inflation rate drop to 2.4% in September (down from 9.1% in June 2022). The 'Fed' finally began to cut interest rates in September, with the 'Fed Funds Rate' dropped by 0.5% to a range of 4.75% to 5.0%. The 'Fed' Chairman, Jerome Powell, stated on 23 August that 'the time has come for policy to adjust' and on 18 September noted that the central bank had 'gained greater confidence that inflation is moving sustainably toward two percent and judges that the risks to achieving its employment and inflation goals are roughly in balance'. Earlier, Powell had noted that 'it seems unlikely that the labor market will be a source of elevated inflationary pressures anytime soon'. However, while monetary policy has been effective in lowering inflation, fiscal policy has continued to be highly expansionary, with the federal deficit forecast to remain excessive at 7.1% of GDP in 2025, according to the IMF and with total government net debt spiralling up to around 120% of GDP. In Powell's words, 'in the long run, the US is on an unsustainable fiscal path because the debt is growing faster than the economy. We are borrowing from future generations and have gotten off the path of fiscal sustainability' (February 2024). Household spending could slow over coming months as consumers come under pressure from rising unemployment and high interest rates.

In Europe, the economic outlook remains relatively bleak, at least partly due to the Russian war on Ukraine, which has disrupted the supply of energy to many European economies and which has pushed electricity prices higher. The euro zone grew moderately in the June quarter (by 0.3%) and appears to be slowly emerging from near-recession. The German economy though remains very weak and contracted in the quarter (by 0.1%) to be flat for the full year, while the UK economy did better (up 0.6% for the quarter). The outlook for Asian economies is also being affected by the weak global economic environment. Nevertheless, developing economies as a group are forecast by the IMF to grow by 4.2% this year and in 2025, with India likely to grow faster than most. China too has been growing (up 4.7% for the year) despite suffering a severe recession in the property sector.

Australian economy

The Australian economy has been particularly weak this year. In the June quarter it expanded by only 0.2% and on a per capita basis it actually contracted (by 0.4%). For the full 2023-24 year it expanded by 1.0% but on a per capita basis it contracted by 1.5%. The key factor driving this slowdown has been tight monetary policy by the Reserve Bank (RBA), including what were rapid interest rate rises. This policy tightening has been weighing on household spending, with discretionary spending declining by 1.1% over the June quarter. The RBA was late in beginning to raise rates compared with some of the major central banks as it apparently did not fully anticipate the extent to which inflation would take off. In fact, it continued to pursue 'quantitative easing' until it was finally ended in early February 2022, while official interest rates were not raised from the historic low of 0.1% until 4 May 2022 (at first to 0.35% and then in increments to 4.35% on 8 November 2023). The RBA Governor, Michele Bullock, appears determined to push inflation lower and rate cuts are unlikely before early 2025. For the month of September this year, while the headline annual inflation rate was only 2.1%, the RBA's preferred measure (trimmed mean CPI) was 3.2%, still above its target range of 2% to 3% but moving in the right direction. With the general economic outlook remaining weak, interest rates still elevated, and valuations relatively high, both equity and property markets could be subdued for a time, especially given a relatively soft outlook for earnings growth.

Financial markets overview

Australian shares

The 2023-24 financial year saw the Australian share market rise strongly (the ASX200 accumulation index rose by 12%) after rising by 15% in 2022-23. The market rose steadily from October last year through to the end of March before trading sideways for the rest of the financial year before again rising strongly in the September quarter. In recent months, falling inflation and the consequent prospect of declining interest rates have helped investor confidence, despite geo-political stresses continuing to weigh on investor sentiment globally, including the ongoing conflict in Ukraine and the outbreak of war in the Middle East. Over the full financial year, the key Industrials sector rose by 18%, while the Resources sector fell by 3% (with Energy down by 2%). The Financials sector rose by a hefty 29% over this period, while the Technology sector rose by 28%. The small-cap sector rose by 9% after declining over the two previous years. From the end of the financial year, over the four months to 31 October 2024, the market rose by a further 5.1%. However, by 31 October, the overall share market appeared relatively fully priced compared with historical averages, with an estimated price-to-earnings ratio (PER) of 18 times forward earnings (well above its long-term average) (Yardeni Research) and with a below average dividend yield of under 4%.

International shares

International share markets mostly rose over the 2023-24 financial year. This upwards movement reflected evidence of steadily falling inflation in response to an extended period of tight monetary policy in most jurisdictions. Over the full year to 30 June 2024, market movements included the broad US market (S&P500) up 23% and the technology-laden US Nasdaq index up 29%, while European markets were also mostly positive. Key Asian markets ranged from Japan up 29% and India up 22% to China down 7%. The four months from the end of the financial year saw the broad US market rise another 5%, while the German market also rose 5% and the Chinese market rebounded by 11%. However, some markets slipped back marginally, including Japan and the UK (each down 1%). Overall, with interest rates on a downward path, with economic growth likely to pick up moderately and with global corporate earnings growth forecast to grow by 13% (Yardeni Research), the outlook for most markets remains positive. In terms of valuations, by 31 October, the price-to-earnings ratio (PER) for the major world markets as a whole (represented by the MSCI World index) was 18.9 times estimated forward earnings, above its longer-term average. However, this was boosted significantly by a historically high measure for the broad US market (22 times earnings). In general terms, excluding the US, most major share markets were still looking fairly priced relative to historical averages.

Property

The domestic listed property sector outperformed the overall domestic share market over the 2023-24 financial year (up 25% against a rise of 12% for the broader market), after underperforming the broader market during the previous year. This relative outperformance appears to reflect the interest rate-sensitive nature of this sector, with forecast falls in interest rates having a greater impact on property valuations than on some other market sectors. The sector also appears to be recovering from the trend, which first emerged during the pandemic, of employees opting to work from home rather than travel to city offices. This caused the commercial (office) sector of the market to take a larger hit than either the retail, industrial or even residential sectors. Over the September quarter, the property sector once again outperformed the broader market (rising by 15% against 8%). However, in broad terms, the sector continues to appear fairly priced, with a considerable number of listed property securities still trading at significant discounts to assessed net asset value.

Australian bonds

For the year ended 30 June 2024, Australian bonds (Bloomberg Composite Bond All Maturities index) returned 3.7%, after returning only 1.2% in the previous year and after performing even more poorly in the previous year, returning -10.5%, which also followed poor returns for the sector for 2020-21 (-0.8%). Inflation-linked bonds performed in line over the year (3.8%), after outperforming in the previous year (up 5.7%) due to elevated inflation. In November 2023, the Reserve Bank (RBA) last lifted its 'cash rate' (to 4.35%), which could be the peak for this cycle. Previously, in February 2022, the RBA had ended its 'quantitative easing' policy and had begun to switch to a tightening phase, which brought in a period of rising bond yields (and falling prices), which caused the sector's underperformance. The sector rose strongly in the September 2024 quarter (up 3.0%). Looking ahead, with official interest rates likely to be at a peak and with economic activity slowing, the outlook for the sector could be set to improve. With most major central banks no longer targeting higher bond yields, the domestic bond market now appears more attractive than in recent years relative to historical norms and relative to other investment options, including share markets.

International bonds

International bonds as a sector returned a modest 2.5% over the 2023-24 financial year (Bloomberg Global Aggregate index, hedged to the AUD), after performing poorly in the previous year (-1.2%), following an even poorer performance in 2021-22 (-9.3%). Bond market returns were affected by the move to tighter monetary policy by the major central banks in their attempt to rein in inflation in recent years. Clearly, with sovereign long bond yields brought close to 0% in early 2020 as a policy response to the onset of the pandemic, bonds were expensive at that time. Currently, bonds appear much more reasonably priced and could be expected to provide reasonable returns for those invested for the medium to longer-term.

Superannuation update for 2023/2024

As usual there has been a lot happening around the legislation governing superannuation funds. Some of the major changes are outlined as follows.

Concessional contributions

Effective date: July 1, 2024

The standard concessional cap has increased from \$27,500 to \$30,000. Let's not forget that some clients might have a higher concessional cap than the standard one if they can apply available unused cap amounts accrued in the previous five financial years. More on this later. Given this additional \$2,500 in cap space, clients might wish to review the following strategies:

Non-concessional contributions

Effective date: July 1, 2024

The general non-concessional contributions cap has increased from \$110,000 to \$120,000. As a result, non-concessional contributions using a bring-forward triggered in 2024/25 increased to a maximum of \$240,000 (two-year bring-forward) or \$360,000 (three-year bring-forward).

We usually think of contribution thresholds only going up via indexation. Counterintuitively, some of the TSB thresholds for a bring-forward that will be triggered in 2024/25 actually reduced from the last financial year.

The fourth increase to the Superannuation Guarantee rate

Effective date: July 1, 2024

As previously legislated, the Super Guarantee (SG) rate increased again on July 1. The rate for 2024/25 is 11.5%. The final legislated increase to 12% will commence on July 1, 2025.

Indexation to thresholds

Effective date: July 1, 2024

Various super thresholds are indexed to Average Weekly Ordinary Time Earnings (AWOTE) each financial year.

As shown in the following table, the following thresholds increased via indexation on July 1, 2024:

Contributions	
2024/25 Small business CGT cap (lifetime)	\$1.780 million
Government co-contribution: lower-income threshold	\$45,400
Government co-contribution: higher-income threshold	\$60,400
Withdrawals	
Untaxed plan cap	\$1.780 million
Super Guarantee	
Maximum contribution base (per quarter)	\$65,070

But some things stayed the same

Effective date: July 1, 2024

Some super measures have thresholds that do not have automatic indexation provisions and therefore remain the same for 2024/25 (barring any future legislative changes):

Measure	TSB on June 30, 2024, must be less than:
Recent retiree work test exemption (used for claiming a tax deduction for a personal super contribution made from age 67 - 74)	\$300,000
Applying available unused concessional contribution cap amounts from the previous five financial years	\$500,000
Measure	Threshold
Division 293 tax	\$250,000
Low income super tax offset	\$37,000
Spouse contributions tax offset: lower-income threshold	\$37,000
Spouse contributions tax offset: higher-income threshold	\$40,000

Preservation age increase to 60

Effective date: July 1, 2024

Finally, preservation age has reached its legislated ceiling of 60. This applies to clients born on or after July 1, 1964.

As of July 1, 2024, clients born before July 1, 1964, had reached their preservation age (somewhere between 55 and 59, depending on their date of birth). These clients would also have been 60 or older on July 1, 2024.

Clients born on or after July 1, 1964, will attain preservation age when they reach 60.

We are unaware of any plans from the Government to increase the preservation age beyond 60.

Improvements for the First Home Super Saver (FHSS) scheme

Start date: September 15, 2024

The following changes to improve the process and flexibility in releasing contributions and associated earnings under the FHSS scheme were legislated to commence on September 15, 2024:

- Individuals and/or the ATO will be able to amend or revoke an FHSS scheme application, but only where an FHSS scheme amount has not already been paid to the individual.
- Where an application is successfully revoked or amended, and the individual is no longer entitled to an FHSS scheme amount, the amount released to the ATO from the individual's super fund will be able to be returned to the Fund (or to the individual in very limited circumstances).

Where the ATO returns an FHSS scheme amount to the individual's super fund, it will not count towards any contribution cap and will retain the same tax components as if the amount hadn't been released.

Superannuation update for 2023/2024 (cont)

- Applying for a release of eligible contributions under the Scheme will remain a two-step process.
First, the individual must request a FHSS determination (this shows the maximum amount they can withdraw).
Second, after that determination has been received an individual can then apply for the release of their eligible contributions.
An individual cannot request an FHSS determination if they have ever held a relevant interest in Australian real property or land.
- Under current rules, an individual is considered to hold an interest in Australian real property once they sign a purchase contract.
Under the new rules, an individual will not be considered to hold a relevant interest in Australian real property or land until the purchase contract is completed and ownership of the real property is transferred to the purchaser. This typically occurs upon the settlement of the property.
- The timeframe for notifying the ATO of a signed contract will be extended from 28 days to 90 days.

Some of the above changes will have a retrospective application from July 1, 2018.

General transfer balance cap

Likely indexation from July 1, 2025.

The general transfer balance cap (GTBC) is indexed periodically to CPI in increments of \$100,000.

The relevant CPI indexation factor was insufficient for the cap to increase on July 1, 2024. Therefore, it remains at \$1.9 million for 2024/25. Additionally, the defined benefit income cap (relevant to capped defined benefit income streams) remains at \$118,750.

Barring any legislative change, the cap will almost certainly be indexed on July 1, 2025. This is because inflation only needs to increase by a tiny amount to reach the magic figure that will result in an indexation of \$100,000, landing the GTBC at \$2 million.

Still to be finalised

The measures listed below are currently before parliament, but have not yet passed:

Legislating the objective of superannuation

Legislates the objective of superannuation to codify a shared purpose of superannuation.

To be introduced - 28 days following the Royal Assent of the amending legislation.

Currently before the Senate. The Senate Economics Legislation Committee recommended that the measure be passed without amendments.

Division 296 tax

Introduces an additional 15% tax on “earnings” proportional to total super balances above \$3 million.

To be introduced - July 1, 2025.

Currently before the House of Representatives.

The Senate Economics Legislation Committee recommended that the measure be passed without amendments.

However, the Coalition Senators are against the measure and the Greens Senators want the threshold reduced to \$2 million, along with some other wishes.

Draft Regulations to support the primary legislation (mainly to do with defined benefit schemes) have been issued for feedback with the consultation period closing on April 26, 2024.

The following measures are currently in the consultation phase:

Payday super

Announced in the 2023/24 Federal Budget.

Treasury released a consultation paper for feedback on October 9, 2023.

The consultation period closed on November 3, 2023.

The ATO is currently conducting additional consultations with various stakeholders, which were due to conclude in May 2024.

Two-year window to commute legacy pensions

Announced by the former Coalition Government in the 2021/22 Federal Budget.

The Government has now released draft Regulations and explanatory material for feedback regarding this proposal.

The draft Regulations propose that individuals with legacy income streams that commenced before September 20, 2007, will have the option to exit these products for up to five years (starting from when the Regulations come into force). The rules won't apply to income streams paid from defined benefit funds.

And finally

The following measures are still just proposals:

Paying Super Guarantee on Commonwealth Paid Parental Leave

Media release issued on March 7, 2024.

The measure was reaffirmed by the Government in the 2024/25 Federal Budget. No consultation or legislation has been released.

Relaxing residency requirements for SMSFs and small APRA funds

Announced by the former Coalition Government in the 2021/22 Federal Budget.

The Labor Government included this measure in the 2022/23 Federal Budget, but nothing has been heard since. No consultation or legislation has been released.

Investments and investment returns as at 30 June 2024

As at 30 June 2024, the following investments have a value in excess of 5% of the total assets of the Fund:

Funds	% of Fund
Cash	25.6

Pearl Managed Portfolios

The returns in the following table are notional and are based on the assumptions of portfolios with equal weighting to each share at the commencement of the portfolio and after every stock change. The actual returns for an individual portfolio will differ depending on when the member invested.

Pearl Managed Portfolios	1 year	3 years
Pearl Australian Shares Portfolio	7.80%	8.20%
Pearl Emerging Leaders Portfolio	21.10%	5.60%
Pearl Income Portfolio	7.20%	2.70%
Pearl International Shares Portfolio	22.50%	10.00%
Pearl Multi-Asset Balanced Portfolio	10.40%	6.00%
Pearl Multi-Asset Conservative Portfolio	9.20%	4.90%
Pearl Multi-Asset Growth Portfolio	11.60%	7.10%
Pearl Multi-Asset High Growth Portfolio	11.90%	7.90%
Pearl X Balanced Portfolio*		
Pearl X Conservative Portfolio*		
Pearl X Growth Portfolio*		
Pearl X High Growth Portfolio*		

* Please note that performance data is not available for the Pearl X Managed Portfolios

Pearl Collection Investment Returns

Asset Name	1 Year	3 Years	5 Years	7 Years	10 Years
Australian Shares					
Antares High Growth Shares Professional	8.46%	6.37%	8.26%	9.26%	9.15%

Asset allocation as at 30 June 2024

Asset Name	Cash	Aus. Fixed Interest	Int. Fixed Interest	Aus. Shares	Int. Shares	Listed Property	Mortgages or Others
Australian Shares							
Antares High Growth Shares Professional	0.43%			99.57%			

Long term return objectives

The following table indicates the investment governance framework that the Trustee considers when determining the investment products to be included within the Pearl Managed Portfolios and the Pearl Collection, which detail the preferred asset ranges within investment options, long term expected returns and the likelihood of negative returns over a 20 year period:

Categories	Maximum Asset Ranges		Long-term Return Objective over 7+ years	Estimated Number of Negative Returns over a 20-year period	Risk Label
	Growth	Defensive			
Diversified Funds					
Capital Stable	35%	80%	CPI + 3.5%	1 to 2	Low to medium
Balanced	75%	50%	CPI + 5.5%	2 to 3	Medium
Growth	85%	40%	CPI + 6.5%	3 to 4	Medium to high
High Growth / Ultra Growth	100%	30%	CPI + 8.5%	6 or greater	High
Asset Sector Funds					
Australian Shares	100%	10%	CPI + 7.5%	4 to 6	High
International Shares	100%	10%	CPI + 7.0%	4 to 6	High
Australian Smaller Company Shares	100%	10%	CPI + 8.5%	6 or greater	High
Emerging Markets	100%	10%	CPI + 10.0%	6 or greater	High
Listed Property Securities	100%	10%	CPI + 6.5%	3 to 4	Medium to high
Specialist Funds					
Cash or Capital Safe	-	100%	CPI + 0.0%	1	Very low
Geared Shares	100%	10%	CPI + 10.5%	6 or greater	Very high
Technology	100%	10%	CPI + 10.5%	6 or greater	Very high
Debt / Income / Mortgage Securities	-	100%	CPI + 2.0%	2 to 3	Medium
Resources	100%	10%	CPI + 8.0%	4 to 6	High
India / China	100%	25%	CPI + 10.5%	6 or greater	Very high
Infrastructure	100%	10%	CPI + 6.5%	3 to 4	Medium to high
Absolute Return	100%	10%	CPI + 4.0%	2 to 3	Medium

Investment managers

The investment manager appointed, as at 30 June 2024, for the Pearl Managed Portfolios was Watershed Funds Management Pty Ltd.

Statement of fund policy on the use of derivative securities

The Fund does not currently use derivative securities. However some investment options may have exposure to derivative instruments. In future, if the Trustee determines that it will use derivative securities directly in the Fund, the Trustee will be required to modify the Risk Management Statement (RMS). Any such approved RMS must specify procedures for approval of actions and include detailed responsibilities and authorities as well as reporting and review procedures.

Term Deposits

Code	Term Deposit Name
NAB-90	Term Deposit 3 months (90 days) National Australia Bank
NAB-180	Term Deposit 6 months (180 days) National Australia Bank
NAB-365	Term Deposit 1 year (365 days) National Australia Bank

Financial accounts

The financial statements below relate to the Pearl - Superannuation sub-fund which are included within the financial statements of Fiducian Superannuation Service (“the Fund”).

PEARL - SUPERANNUATION INCOME STATEMENT

For the year ended 30 June 2024

	2024	2023
	\$000	\$000
Superannuation Activities		
Interest income	124	35
Distribution income	-	-
Dividend income	253	121
Net change in fair value of financial instruments	611	194
Total income from superannuation activities	988	350
Administration and other service provider expenses	(121)	(47)
Financial advice fees	(83)	(28)
Total expenses	(204)	(75)
Results from superannuation activities before Income tax	784	275
Income tax benefit	41	24
Results from superannuation activities after Income tax	825	299
Net benefit allocated to members	(825)	(299)
Operating result after Income tax	-	-

Notes:

The financial information shown above has been extracted from the audited financial statements of the Fund. The financial statements of the Fund are available on request.

PEARL - SUPERANNUATION STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	2024	2023
	\$000	\$000
Assets		
Cash and cash equivalents	4,039	3,469
Distributions receivable	-	-
Income tax receivable	72	26
Deferred tax asset	-	-
Outstanding settlements and other receivables	46	(1)
Financial Assets at fair value through profit and loss	12,426	4,733
Total assets	16,583	8,227
Liabilities		
Administration and other service provider fees payable	19	9
Financial advice fees payable	12	4
Other payables	12	6
Income tax payable	-	-
Deferred tax liability	35	3
Total liabilities excluding member benefits	78	22
Net assets available for member benefits	16,505	8,205
Member Benefits		
Allocated to members	16,505	8,205
Total member benefits	16,505	8,205
Net Assets	-	-
Equity		
Reserves	-	-
Total Equity	-	-

Notes:

The financial information shown above has been extracted from the audited financial statements of the Fund. The financial statements of the Fund are available on request.

Financial accounts (cont)

PEARL - SUPERANNUATION STATEMENT OF CHANGES IN MEMBER BENEFITS

For the year ended 30 June 2024

	2024	2023
	\$000	\$000
Opening balance of member benefits	8,205	2,630
Contributions received:		
Employer	84	33
Members	1,172	-
Transfers from other superannuation funds	7,767	5,939
Income tax on contributions	(28)	(5)
Net after tax contributions	8,995	5,967
Benefits to members:		
Benefit payments	(741)	(680)
Transfers to other superannuation funds	(779)	(11)
Benefits allocated to member accounts:		
Net Investment Income	988	350
Net Advice, Administration and other service provider expenses fees	(204)	(75)
Tax benefit	41	24
	(695)	(392)
Closing balance of member benefits	16,505	8,205

Notes:

The financial information shown above has been extracted from the audited financial statements of the Fund. The financial statements of the Fund are available on request.

PEARL - SUPERANNUATION STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	2024	2023
	\$000	\$000
Cash flows from operating activities		
Interest received	124	35
Distributions received	-	-
Dividends received	253	121
Financial advice, Administration and other service provider fees paid	(194)	(65)
Other	41	21
Net cash flows from operating activities	224	112
Cash flows from investing activities		
Proceeds from sale of units in unit trusts	80	-
Proceeds from sale/(purchase) of shares in listed companies	2,089	1,150
Proceeds from sale of fixed interest securities	-	-
Units in unit trusts purchased	(573)	1
Investment in term deposit	-	-
Shares in listed companies purchased	(8,722)	(3,319)
Net cash used in investing activities	(7,126)	(2,168)
Cash flows from financing activities		
Contributions received:		
Employer	84	33
Members	1,172	-
Transfers from other funds	7,767	5,939
Government co-contributions	-	-
Contributions tax paid	(28)	(5)
Benefits paid	(1,523)	(691)
Net cash flow from financing activities	7,472	5,276
Net increase in cash and cash equivalents	570	3,220
Cash and cash equivalents at the beginning of the year	3,469	249
Cash and cash equivalents at the end of the year	4,039	3,469

Notes:

The financial information shown above has been extracted from the audited financial statements of the Fund. The financial statements of the Fund are available on request.

Statutory information

Trustee

Fiducian Portfolio Services Limited was appointed as the Trustee for the Fund under the provisions of the Trust Deed. Fiducian Portfolio Services Limited has been the Trustee since the commencement of the Fund on 16 January 1997 and has indemnity insurance for the protection of members.

Fiducian Portfolio Services Limited is a wholly owned subsidiary of Fiducian Group Limited. Fiducian was first listed on the Australian Securities Exchange on 12 September 2000.

The Trustee is the Trustee of the Fiducian Superannuation Service and the Pearl - Superannuation sub-fund.

Trustee Board and Committees

FIDUCIAN PORTFOLIO SERVICES LIMITED – FY 2023/24 RECORD OF ATTENDANCE AT TRUSTEE BOARD AND COMMITTEE MEETINGS

Trustee Director or Committee Member Name	Trustee Board		Audit, Risk and Compliance Committee		Investment Committee		Remuneration and Nominations Committee	
	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend	No. of Meetings Attended	No. of Meetings Eligible to Attend
Drew Vaughan	10	10	5	5	3	4	1	1
S.G. Venkatramani	9	10	5	5	-	-	-	1
Catherine Lynch	9	10	5	5	-	-	-	-
Maria-Ann Camilleri	10	10	-	-	3	4	1	1
Sam Hallab	10	10	5	5	-	-	1	1
Jai Singh	9	10	-	-	2	4	-	-
Tony Breen	-	-	-	-	4	4	-	-
Peter Mouatt	-	-	-	-	4	4	-	-

Statutory information (cont)

Trust deed

A copy of the Trust Deed is available on the Fiducian website at:

https://www.fiducian.com.au/images/fiducian_superannuation_service_trust_deed.pdf

How your Member Account works

Your Member Account reflects accumulated contributions and net earnings, less taxes, pension payments and withdrawals, and any insurance premiums paid.

Net earnings are your share of the net earnings of the investments in which you invested. These net earnings are calculated as:

Income/Gains

- Investment income (after investment managers' fees and transaction costs)
- Realised capital gains
- Unrealised capital gains

Less Outgoings/Losses

- Management fees and charges
- Realised capital losses
- Unrealised capital losses
- Taxes and duties (where applicable)

Investment objectives

The investment objective of the Fund is to provide members with a diversified range of investments to enable members, in conjunction with their financial advisors, to maximise their superannuation and retirement planning needs. The Fund has been established solely for the purpose of:

- (a) paying benefits to members on or after retirement from gainful employment and when a prescribed event has occurred;
- (b) paying benefits to members when they have reached the prescribed age; or
- (c) paying benefits on the member's death to the member's dependents or legal representative.

Investment strategy

In support of the investment objectives, the Trustee has implemented an investment strategy that has regard to, amongst other things:

- (a) the risk involved in making, holding and realising, and the likely return from the investments;
- (b) offering a range of investments from which Fund members may implement an investment strategy or strategies and minimise investment risk through a diversified investment choice;
- (c) the liquidity of investments offered as part of a diversified investment strategy;
- (d) the reliability of valuation information for investment options; and
- (e) associated liabilities, costs and taxation.

The investment strategy has been formulated by the Trustee on the basis that Fund members are offered a range of investments and are able to give directions to the Trustee on their choice of investment in a particular asset or class of assets offered through the Fund.

The Trustee has considered investment opportunities to allow diversification across investment funds, investment styles and investment managers. In approving each investment option as part of the Fund investment strategy, the Trustee has put in place procedures for the research, recommendation and approval of all investment options offered. While the Trustee will determine the types of investment opportunities and asset classes available through the Fund, it does not direct investment managers in the selection of underlying investments. Rather, the Trustee approves investments offered through the Fund on the basis of a selection process.

Expense reserve and expense recovery fee

The Trustee is entitled to be reimbursed for expenses properly incurred in the operation of the Fund. For this reason, the Trustee has established an Expense Reserve within the Fund for payment of the operational expenses of the Fund.

The Expense Reserve is built up from Fund income (if and when allocated) and taxation benefits, which are generated from the design of the Fund and that have been allocated by the Trustee to the Expense Reserve. The funding of the Expense Reserve is not an additional charge to your account.

The difference between the amounts withheld from your account for payment of tax, provision for tax and the actual tax payable are credited to the Expense Reserve.

The actual amount of tax paid in the Fund is generally less than the 15% that is withheld for tax because of the benefit of tax deductions as well as capital gains discounts and franking credits that reduce the Trustee's effective rate of tax.

The Trustee estimates that operational expenses may be up to 0.45% of the assets of the Fund.

Under the administration agreement between the Trustee and the Administrator, the Administrator is entitled to charge an Expense Recovery Fee from the Fund for expenses incurred in the operation of the Fund. The Expense Recovery Fee is calculated as a percentage of the average monthly value of the assets of the Fund and paid out of the Expense Reserve. As the Expense Recovery Fee is paid from the Expense Reserve, it is not an additional charge to your account. This arrangement could change pursuant to any amendment to the administration agreement. The Expense Reserve is managed by the Trustee and invested in cash or similar type assets.

Operational Risk Financial Requirement (ORFR)

As required by APRA, the Trustee is required to establish and maintain a financial reserve to address the risk of loss resulting from inadequate or failed internal process, people and systems, or from external events. APRA Prudential Standards require the Trustee to set a Target Amount that reflects the scale of possible losses having regard to its risk management framework, risk appetite, risk mitigation and controls.

Statutory information (cont)

The Operational Risk Reserve (ORR) is a reserve held within the Fund for your benefit and the Target Amount has been built up gradually from ORFR contributions. The ORFR contribution may change from time to time (depending on the size of the Fund, the Operational Risk Reserve and other factors). If applicable, the ORFR contribution will be up to 0.05% levied every 6 months, capped at \$300. You will be informed if there are any changes in the ORFR contribution. The ORR is managed by the Trustee and invested in a Balanced portfolio or similar type assets.

The Reserve levels for the 2024 financial year and preceding years are shown below:

		Expense Reserve	ORR	Total
30 June '14	Bal.	\$3,017,708	\$778,488	\$3,796,196
	Mov.	-\$616,708	\$1,104,512	\$487,804
30 June '15	Bal.	\$2,401,000	\$1,883,000	\$4,284,000
	Mov.	-\$1,072,638	\$1,837,918	\$765,280
30 June '16	Bal.	\$1,328,362	\$3,720,918	\$5,049,280
	Mov.	\$52,499	\$651,064	\$703,563
30 June '17	Bal.	\$1,380,861	\$4,371,982	\$5,752,843
	Mov.	\$2,887	\$1,151,547	\$1,154,434
30 June '18	Bal.	\$1,383,748	\$5,523,529	\$6,907,277
	Mov.	-\$892,305	\$690,198	-\$202,107
30 June '19	Bal.	\$491,443	\$6,213,727	\$6,705,170
	Mov.	-\$486,497	-\$25,198	-\$511,695
30 June '20	Bal.	\$4,946	\$6,188,529	\$6,193,475
	Mov.	\$256,998	\$1,346,043	\$1,603,041
30 June '21	Bal.	\$261,944	\$7,534,572	\$7,796,516
	Mov.	\$748,301	-\$730,388	\$17,913
30 June '22	Bal.	\$1,010,245	\$6,804,184	\$7,814,429
	Mov.	\$831,094	\$652,251	\$1,483,345
30 June '23	Bal.	\$1,841,339	\$7,456,435	\$9,297,774
	Mov.	\$177,919	\$754,927	\$932,846
30 June '24	Bal.	\$2,019,258	\$8,211,362	\$10,230,620

Fund website details

The Fund is required to make available online product disclosure documents for the Fund together with specified information regarding Trustee Director details and Fund governance. This information is available at:

<https://www.fiducian.com.au/superannuation/governance-information/>

Indemnity insurance

The Trustee is indemnified by a policy of insurance which protects the Fund in the event of claim.

Transfer of account

By law, FSS must transfer lost member super accounts that have a balance below \$6,000, or have been inactive for 12 months, to the Australian Taxation Office (ATO). New legislation also means that we may have to transfer accounts that have received no payments for 16 months in a row and have a balance below \$6,000 even if that member is not 'lost'. We will write to you explaining your options before that happens.

There are other circumstances where an account may be transferred. To find out more, visit www.ato.gov.au.