

# Advance Retirement Suite

Personal Super  
Allocated Pension

Annual Report for the year ended 30 June 2013



**ADVANCE**

### **In this Annual Report**

- 'Account' or 'Accounts' refers to either or all of the Advance Super Account and Advance Allocated Pension Account.
- 'Advance Retirement Suite' refers to all of the Accounts.
- 'Super Account' refers to the Advance Super Account.
- 'BTFM', 'we', 'us' and 'our' are references to BT Funds Management Limited ABN 63 002 916 458 AFSL 233724.
- 'Advance' refers to Advance Asset Management Limited ABN 98 002 538 329 AFSL 240902.

### **Important information**

BTFM is the trustee of the Advance Retirement Suite ABN 95 068 282 166 and has issued this Annual Report.

The trustee has not received any notices or penalties for non-compliance during the reporting period and has formally resolved that the Accounts will at all times be administered in strict compliance with all applicable acts and regulations.

The investment information or general advice provided in this publication doesn't take into account your personal objectives, financial situation or needs and because of that you should consider the appropriateness of the information or advice having regard to these factors. Before deciding whether to open or to continue to hold a financial product issued by us, you should obtain and consider the Product Disclosure Statement (PDS) for that product, available from us or your financial adviser.

### **BTFM and Advance**

Advance has entered into an agreement with us relating to the establishment and administration of the Advance Retirement Suite and, under this Agreement, Advance may ask us to retire as the trustee of the Advance Retirement Suite and we must do all things reasonably required by Advance to facilitate the appointment of a person nominated by Advance as our replacement. You'll be notified if we're asked to retire as the trustee. When we retire, we'll be released from any future obligations in relation to the Advance Retirement Suite and the replacement trustee will agree to take on all duties and obligations of the trustee.

Advance and BTFM are subsidiaries of Westpac Banking Corporation (Westpac) ABN 33 007 457 141. An investment in the Advance Retirement Suite is not a deposit with, investment in, or other liability of Westpac or any other company within the Westpac Group. It's subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any other company within the Westpac Group stands behind or otherwise guarantees the capital value or investment performance of the Advance Retirement Suite.

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# Advance Retirement Suite

For the year ended 30 June 2013

## Introduction

We're pleased to present the Annual Report for the Accounts at 30 June 2013. This report is issued in accordance with the Corporations Act 2001. It contains general information, providing details of the financial position and management of the Accounts.

The report also details how you can obtain additional information about your account. You can request additional information (including the trust deed, financial statements and auditor's report) from the Contact Centre. Details are on page 18.

## Recent developments in superannuation

### 2012/13 superannuation thresholds

The superannuation (super) contributions caps and various other super thresholds that apply for the 2013/14 financial year are as follows:

Low rate cap:	\$180,000
Concessional contributions cap:	
• Age 60 or over	\$35,000
• Under age 60	\$25,000
Non-concessional contributions cap:	\$150,000 <sup>1</sup>
Capital Gains Tax (CGT) Cap (lifetime limit):	\$1,315,000
Government Co-contributions:	
• Maximum co-contribution <sup>2</sup>	\$500
• Lower threshold	\$33,516
• Upper threshold (cut off)	\$48,516

1. If you were under age 65 on 1 July 2013 you may be able to make up to \$450,000 of non-concessional contributions over three financial years.

2. The maximum co-contribution payable is phased out by 3.333 cents for every dollar of total income over the lower threshold, until it reaches zero at the upper threshold.

### Minimum pension payments

Over the past few years, the Government has applied various reductions to the minimum pension payment requirement to provide relief to pensioners throughout the global financial downturn. The minimum pension payment requirement for 2012/13 was reduced by 25%. From 1 July 2013, the standard minimum pension payment requirements apply.

### Higher concessional contributions cap

The transitional \$50,000 concessional contributions cap for individuals who are aged 50 or over ended on 30 June 2012.

From 1 July 2013 the general concessional contributions cap is \$25,000 per annum.

A higher concessional contributions cap of \$35,000 pa (not indexed) is available:

- from 2013/14 financial year for individuals aged 60 or over; and
- from 2014/15 financial year for individuals aged 50 or over.

The higher cap will cease to apply when the general concessional contributions cap reaches \$35,000 as a result of indexation. Note that indexation of the general cap has been paused at \$25,000 until 30 June 14 after which annual indexation in line with average weekly ordinary time earnings (AWOTE), rounded down to the nearest \$5,000 will resume.

### Tax treatment of excess concessional contributions

For 2013/14 and later financial years an individual's excess concessional contributions will be taxed at their marginal tax rate (plus Medicare Levy and an interest charge), rather than at a total tax rate of 46.5%.

If you have excess concessional contributions from 2013/14 you will generally be able to elect to have 85% of the excess contributions released from super to help you pay the tax, or you may retain these contributions in your super account.

The following tax treatment will apply to excess concessional contributions in respect of the 2013/14 and later financial years:

- the amount of excess concessional contributions will be included in the individual's assessable income and taxed at their marginal tax rate (plus Medicare Levy);
- the individual will be provided a non-refundable tax offset equal to 15% of the excess concessional contributions for the tax deducted by the super fund;
- if the individual elected to have excess concessional contributions released from their super fund, they will be provided with a tax credit for the amount of excess concessional contributions paid to the Australian Taxation Office (ATO); and
- an interest charge on the additional income tax payable will also apply.

If you choose to have excess concessional contributions released from superannuation, the gross amount of the contributions released will not count toward your non-concessional contributions cap. Excess concessional contributions retained in your super fund, however, will count towards your non-concessional contribution cap.

For 2011/12 and 2012/13 only, if you have exceeded your concessional contributions cap by \$10,000 or less, you may receive a once-only offer from the ATO to have the excess concessional contributions refunded to you and assessed at your marginal tax rate, rather than pay excess contributions tax. The offer will only be available the first time you breach your concessional contributions cap in respect of 2011/12 or 2012/13.

For further information about the taxation of excess concessional contributions visit [ato.gov.au/Individuals/Super](http://ato.gov.au/Individuals/Super)

### Additional 15% tax on super contributions for high income earners

From 1 July 2012 an additional 15% tax (known as Division 293 tax) may apply to certain concessional contributions for those with income greater than \$300,000 for the financial year.

If you are liable to pay the additional 15% tax, this will only be charged on your taxable concessional contributions (up to your concessional contributions cap) that are above the \$300,000 threshold. If you have super in a defined benefit fund, the additional 15% tax may be calculated on your notional contributions which are not capped.

Income for the financial year for the purposes of Division 293 tax liability includes:

- taxable income (including the net amount on which family trust distribution tax has been paid)
- plus reportable fringe benefits
- plus total net investment loss
- plus low tax contributions for the financial year
- less any taxable super lump sum upon which the low rate cap tax offset applies to reduce the tax to nil.

If you have accumulation super accounts only, low tax contributions for a financial year will generally be concessional contributions for the year less excess contributions that are refunded to you or for which you have paid excess contributions tax.

If your low tax contributions bring your total income above the \$300,000 threshold, only the amount of your low tax contributions above the \$300,000 threshold will be subject to the additional 15% tax.

Special rules may apply for calculating Division 293 tax liabilities for:

- certain state higher level office holders and Commonwealth justices and judges
- individuals with defined benefit interests
- individuals with super interests in a constitutionally protected fund.

The ATO expect to start issuing assessments for this additional tax in January 2014, for the 2012/2013 financial year.

Due and payable assessments will be raised in respect of contributions to accumulation super funds. These liabilities are payable within 21 days and the individual can pay the tax from personal savings or by withdrawing funds from their superannuation using a release authority issued by the ATO.

Deferred assessments will be raised in respect of a defined benefit account from which no super benefit has yet become payable. Deferred liabilities are payable 21 days after a super benefit is paid from the defined benefit super account the debt is attributed to. Payment can be paid using personal savings or deducted from the benefit payable from the defined benefit account the debt is attributed to. Individuals can also choose to make earlier payment at any time using personal savings or by using a release authority to withdraw money from another accumulation interest the individual holds.

Former temporary residents who have paid Division 293 tax and have received a Departing Australia Superannuation Payment (DASP) can apply to the ATO to have the Division 293 tax refunded.

### Consolidating multiple superannuation accounts within the same fund

From 1 July 2013, on an annual basis, the trustee is required to identify whether you hold multiple accounts in the fund. If multiple accounts are identified, the trustee is required to consolidate these accounts if this is in your best interest. The consolidation process must be completed at least once by 30 June 2014.

When determining whether it is in a member's best interest to merge their super accounts, the trustee must consider the possible savings in fees, charges and insurance premiums which will result if they merge accounts as well as any other relevant factors.

This requirement will only apply to accumulation superannuation accounts, and not to pension accounts.

### Increase of 0.5% in Medicare Levy

From 1 July 2014 the Medicare Levy will increase by 0.5% to 2.0% to help fund DisabilityCare Australia (previously known as the National Disability Insurance Scheme).

This means from 1 July 2014 the tax payable on income payments you receive from your pension account and lump sum benefits from your super or pension account will include the increased Medicare Levy. In addition, death benefits paid as a lump sum to a non-dependant for tax purposes<sup>1</sup> will attract the increased Medicare Levy.

From 1 July 2014 if you are eligible to access your superannuation as a lump sum, any tax we are required to deduct will depend on your age and the tax components within your benefit, as shown in the table below.

Age	Taxable component	Tax-free component
Under 55	A rate of 22% (including Medicare Levy)	Nil
55-59	Up to the low rate cap <sup>2</sup> : Nil Above the low rate cap <sup>2</sup> : a rate of 17% (including Medicare Levy)	Nil
60 or over	Tax-free	Nil

1. Death benefits paid as a lump sum to your dependants (for tax purposes) are tax-free. A dependant for tax purposes includes your spouse or former spouse, your children under 18, a person who was wholly or substantially financially dependent on you at the time of your death and a person with whom you were in an interdependency relationship at the time of your death.

2. A lifetime limit of \$180,000 for 2013/14, indexed to AWOTE rounded down to the nearest \$5,000 in subsequent years.

# Advance Retirement Suite

For the year ended 30 June 2013

If you are under age 60 and the TFN provided for you is incorrect, we are required to deduct tax on the taxable component of a lump sum benefit paid to you at the highest marginal tax rate plus the Medicare Levy.

Death benefits paid on or after 1 July 2014 as a lump sum to a non-dependant for tax purposes<sup>1</sup> will be taxed in the following manner.

Tax-free component	Tax-free
Taxable component	Taxed at 17% (including Medicare Levy)
Taxable component (untaxed element)	Taxed at 32% (including Medicare Levy)

1. Death benefits paid as a lump sum to your dependants (for tax purposes) are tax-free. A dependant for tax purposes includes your spouse or former spouse, your children under 18, a person who was wholly or substantially financially dependent on you at the time of your death and a person with whom you were in an interdependency relationship at the time of your death.
2. A lifetime limit of \$180,000 for 2013/14, indexed to AWOTE rounded down to the nearest \$5,000 in subsequent years.

## Low Income Super Contribution

From 2012/13 low income earners may receive a government super payment, called a low income super contribution (LISC), of up to \$500 per financial year to help save for their retirement.

When introduced, a LISC would only be paid where the entitlement was \$20 or more. Recent changes have been made to reduce the minimum LISC payment to \$10. In addition, LISC entitlements of less than \$10 will be rounded up to \$10.

For more information on LISC go to [ato.gov.au/Individuals/Super](http://ato.gov.au/Individuals/Super).

## Government co-contributions

From 1 July 2012, the Government reduced the maximum government co-contribution available to \$500.

If your total income<sup>1</sup> for 2013/14 is more than \$48,516, you will not be entitled to a government co-contribution. Further, to attract the maximum co-contribution of \$500, you will still be required to make a personal after-tax contribution of \$1,000 as the matching rate has been reduced to 50% (from 100%).<sup>1</sup>

## Removal of member protection

From 1 July 2013, the Government has repealed member protection rules. As such, effective 21 October 2013, member protection for small super accounts no longer applies to the Advance Retirement Suite.

## Lost member accounts to be transferred to the ATO

Changes to the definition of a lost superannuation account were made on 7 December 2012. Your super account will now generally be considered 'lost' if:

- no contributions or rollovers have been added to your account in the last year and either the trustee has never had an address for you or mail sent to you by the trustee has been returned unclaimed, or
- your account was established within your current or a previous employer's default super plan and no contributions or rollovers have been added to your account in the last five years.

If your account is considered to be lost, the trustee may be required to transfer your account balance to the ATO if:

- your account balance is less than \$2,000; or
- the trustee is satisfied that it will never be possible to pay an amount to you (because you cannot be identified based on the information reasonably available to the trustee).

If your account balance is transferred you will be able to reclaim it from the ATO. From 1 July 2013, the ATO will pay interest on amounts claimed.

## Advance Retirement Suite changes

### Advance Personal Protection Package closure

To comply with the Government's Future of Financial Advice provisions, the Advance Personal Protection Package (APPP) offered through the Advance Retirement Suite was closed from 1 July 2013.

Members with existing APPP insurance cover were not affected by the closure and continue to hold their nominated cover.

## Understanding your investment

### Advanced thinking...

Advance offers a wide choice of quality investments and the security of ongoing monitoring and analysis. The Advance investment team provides in-depth analysis of the underlying investment funds and the managers behind them, with the aim of offering broad diversification, quality risk management and access to some of the world's best investment managers.

1. Total income is the sum of assessable income, reportable fringe benefits and reportable employer contributions less business deductions.

## About the Accounts

All administrative, accounting, reporting and audit requirements of the investment are provided for investors through the Accounts.

We're responsible for the day-to-day management of these Accounts. Our duties include administering individual investor accounts, organising the payment of benefits, dealing with tax matters relating to your investments and providing you with regular, consolidated reports. When necessary, we'll engage external experts, such as accountants and solicitors, to provide assistance.

We provide you with detailed information on the individual investment performance of your account, the overall market performance and individual exposure to asset classes within each investment portfolio in consolidated Investor Reports (issued half-yearly). Other information may be available on request.

The Accounts were closed to new members from 19 June 2012, however existing members can continue to contribute into the Accounts.

## Contributing to your super via the BPAY® payment facility

BPAY is a quick and easy way for you to make deposits directly into your superannuation account. All you need is your customer reference number and the relevant Biller Code.

Depending on what type of contribution you're making, different Biller Codes apply (see table below).

Contribution type	Biller Code
Personal deducted	66472
Personal undeducted	66480
Salary sacrifice	66456
Super guarantee	66449
Employer	66464
Spouse	68007

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**Note:** by using a Biller Code to make a BPAY deposit, you acknowledge you've received PDSs for the investments in your account (including information about significant events or matters affecting them) electronically on Investor *Online*. You can access these documents via the 'PDS' menu option on the Investor *Online* homepage.

## Investment Information

### Investment choice

As an investor in the Advance Retirement Suite, you have access to a quality investment menu.

The diagram below illustrates the types of investments available to you, including diversified and sector multi-manager options (known as multi-manager funds) and a range of discretionary investments (known as single manager funds). From these managed investment options, you and your financial adviser can build an investment profile to suit your individual needs.

You also get investment flexibility. As your investment needs or objectives change, you can switch your investments at any time, quickly and easily.

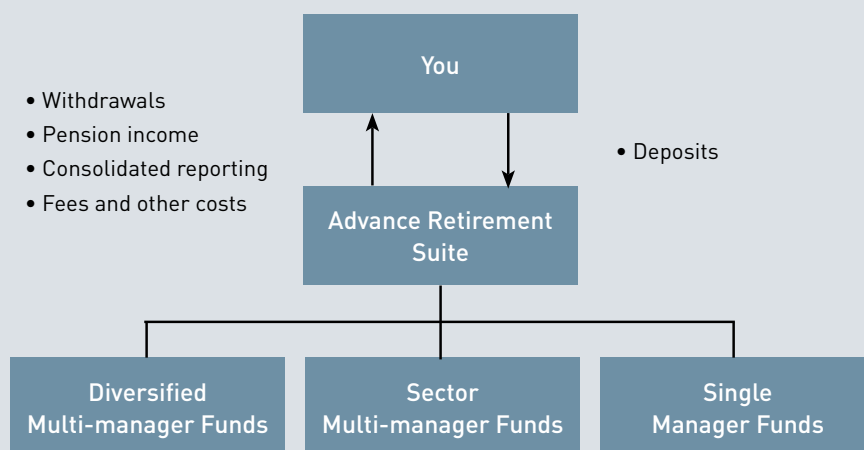
## Investment Option profiles

The Investment Option profile section gives you a snapshot of each Investment Option together with other information including:

- the full range of Investment Options available within the Accounts
- the investment objectives and strategy of each Investment Option
- asset allocation information, including strategic range, allocations for 30 June 2013, and the neutral position for the diversified multi-manager funds.

## How the Advance Retirement Suite works

Please note the managed investment options offered may change from time to time and without prior notice to you.



## Advance Retirement Suite

For the year ended 30 June 2013

Advance Defensive Multi-Blend Fund ARS			
Objective	To provide secure income with a low risk of capital loss over the short to medium term with some capital growth over the long term.		
Strategy	To invest in a diverse mix of assets with a majority in defensive assets of cash and fixed income, and a modest investment in growth assets such as shares. The Fund's exposure to these asset sectors will be obtained primarily by investing directly into our sector specific funds. The Fund may also hold assets directly including derivatives, currency and other unit trusts.		
Investment management	Aberdeen Asset Management Alleron Investment Management Alphinity Investment Management AMP Capital Investors AQR Capital Management Bennelong Australian Equity Partners BT Investment Management Celeste Funds Management Contango Asset Management Credit Suisse Asset Management EII Capital Management Franklin Templeton IMS Funds Management Kapstream Capital	MFS Institutional Advisors, Inc Northcape Capital Perennial Investment Partners Phoenix Portfolios Principal Global Investors (Australia) Limited Ramius Alternative Solutions LLC Schroders Investment Management Australia Limited Standish TT International Tradewinds Global Investors, LLC Tribeca Investment Partners Trilogy Global Advisers Wellington Management	
Investment timeframe	3 years +		
Sector	Asset mix at 30 June 2013 [%]	Neutral position [%]	Strategic range [%]
Australian Shares	7.57	8.50	2.50 – 17.50
International Shares	0.88	2.50	0.00 – 10.00
Property	8.19	8.00	0.00 – 9.00
Australian Fixed Interest	14.56	9.00	9.00 – 24.00
International Fixed Interest	17.23	14.00	17.00 – 32.00
Growth Alternative Strategies	8.99	9.00	0.00 – 14.00
Asian Shares	1.05	1.00	0.00 – 3.50
Commodities	0.91	1.00	0.00 – 5.00
Defensive Alternative Strategies	15.69	20.00	6.00 – 21.00
Cash	24.44	27.00	15.00 – 43.00



Advance Moderate Multi-Blend Fund ARS			
Objective	To provide relatively stable total returns over the short to medium term with some capital growth over the long term through a diversified mix of growth and defensive assets.		
Strategy	To invest in a diverse mix of assets with an emphasis on secure income producing assets. The Fund's exposure to these asset sectors will be obtained primarily by investing directly into our sector specific funds. The Fund may also hold assets directly including derivatives, currency and other unit trusts.		
Investment management	Aberdeen Asset Management Alleron Investment Management Alphinity Investment Management AMP Capital Investors AQR Capital Management Bennelong Australian Equity Partners BT Investment Management Celeste Funds Management Contango Asset Management Credit Suisse Asset Management EII Capital Management Franklin Templeton IMS Funds Management Kapstream Capital	MFS Institutional Advisors, Inc Northcape Capital Perennial Investment Partners Phoenix Portfolios Principal Global Investors (Australia) Limited Ramius Alternative Solutions LLC Schroders Investment Management Australia Limited Standish TT International Tradewinds Global Investors, LLC Tribeca Investment Partners Trilogy Global Advisers Wellington Management	
Investment timeframe	4 years +		
Sector	Asset mix at 30 June 2013 (%)	Neutral position (%)	Strategic range (%)
Australian Shares	16.66	17.50	11.50 – 26.50
International Shares	7.03	9.00	2.00 – 17.00
Property	8.98	9.00	0.00 – 10.00
Australian Fixed Interest	13.56	13.00	8.00 – 23.00
International Fixed Interest	15.74	20.00	15.00 – 30.00
Growth Alternative Strategies	11.71	11.50	1.00 – 16.00
Asian Shares	1.42	1.00	0.00 – 4.00
Commodities	1.82	2.00	0.00 – 5.00
Defensive Alternative Strategies	11.77	7.00	2.00 – 17.00
Cash	11.30	10.00	2.00 – 30.00

## Advance Retirement Suite

For the year ended 30 June 2013

Advance Balanced Multi-Blend Fund ARS			
Objective	To provide moderate to high total returns (before fees and taxes) over the medium term from a combination of capital growth and income through a diversified mix of growth and defensive assets.		
Strategy	To invest in a diverse mix of assets with both income-producing assets of cash and fixed interest and growth assets of shares and property. The Fund's exposure to these asset sectors will be obtained primarily by investing directly into our sector specific funds. The Fund may also hold assets directly including derivatives, currency and other unit trusts.		
Investment management	Aberdeen Asset Management Alleron Investment Management Alphinity Investment Management AMP Capital Investors AQR Capital Management Bennelong Australian Equity Partners BT Investment Management Celeste Funds Management Contango Asset Management Credit Suisse Asset Management EII Capital Management Franklin Templeton IMS Funds Management Kapstream Capital	MFS Institutional Advisors, Inc Northcape Capital Perennial Investment Partners Phoenix Portfolios Principal Global Investors (Australia) Limited Ramius Alternative Solutions LLC Schroders Investment Management Australia Limited Standish TT International Tradewinds Global Investors, LLC Tribeca Investment Partners Trilogy Global Advisers Wellington Management	
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2013 [%]	Neutral position [%]	Strategic range [%]
Australian Shares	24.21	25.00	15.00 – 30.00
International Shares	14.91	17.00	7.00 – 22.00
Property	9.81	10.00	5.00 – 15.00
Australian Fixed Interest	8.81	5.00	0.00 – 15.00
International Fixed Interest	9.01	7.00	2.00 – 17.00
Growth Alternative Strategies	14.70	14.50	9.50 – 24.50
Asian Shares	2.13	1.50	0.00 – 6.50
Commodities	1.91	2.00	0.00 – 7.00
Defensive Alternative Strategies	8.79	13.00	8.00 – 23.00
Cash	5.73	5.00	0.00 – 25.00

Advance Growth Multi-Blend Fund																															
Objective	To provide moderate to high total returns (before fees and taxes) over the medium to long term largely through capital growth by investing in a mix of growth and defensive assets.																														
Strategy	To invest in a diverse mix of assets with an emphasis on growth orientated assets of Australian and global shares, with investment in defensive assets of cash and fixed interest providing some income and stability of returns. The Fund's exposure to these asset sectors will be obtained primarily by investing directly into our sector specific funds. The Fund may also hold assets directly including derivatives, currency and other unit trusts.																														
Investment management	<table border="0"> <tr> <td>Aberdeen Asset Management</td> <td>MFS Institutional Advisors, Inc</td> </tr> <tr> <td>Alleron Investment Management</td> <td>Northcape Capital</td> </tr> <tr> <td>Alphinity Investment Management</td> <td>Perennial Investment Partners</td> </tr> <tr> <td>AMP Capital Investors</td> <td>Phoenix Portfolios</td> </tr> <tr> <td>AQR Capital Management</td> <td>Principal Global Investors (Australia) Limited</td> </tr> <tr> <td>Bennelong Australian Equity Partners</td> <td>Ramius Alternative Solutions LLC</td> </tr> <tr> <td>BT Investment Management</td> <td>Schroders Investment Management Australia Limited</td> </tr> <tr> <td>Celeste Funds Management</td> <td>Standish</td> </tr> <tr> <td>Contango Asset Management</td> <td>TT International</td> </tr> <tr> <td>Credit Suisse Asset Management</td> <td>Tradewinds Global Investors, LLC</td> </tr> <tr> <td>EII Capital Management</td> <td>Tribeca Investment Partners</td> </tr> <tr> <td>Franklin Templeton</td> <td>Trilogy Global Advisers</td> </tr> <tr> <td>IMS Funds Management</td> <td>Wellington Management</td> </tr> <tr> <td>Kapstream Capital</td> <td></td> </tr> </table>			Aberdeen Asset Management	MFS Institutional Advisors, Inc	Alleron Investment Management	Northcape Capital	Alphinity Investment Management	Perennial Investment Partners	AMP Capital Investors	Phoenix Portfolios	AQR Capital Management	Principal Global Investors (Australia) Limited	Bennelong Australian Equity Partners	Ramius Alternative Solutions LLC	BT Investment Management	Schroders Investment Management Australia Limited	Celeste Funds Management	Standish	Contango Asset Management	TT International	Credit Suisse Asset Management	Tradewinds Global Investors, LLC	EII Capital Management	Tribeca Investment Partners	Franklin Templeton	Trilogy Global Advisers	IMS Funds Management	Wellington Management	Kapstream Capital	
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EII Capital Management	Tribeca Investment Partners																														
Franklin Templeton	Trilogy Global Advisers																														
IMS Funds Management	Wellington Management																														
Kapstream Capital																															
Investment timeframe	6 years +																														
Sector	Asset mix at 30 June 2013 (%)	Neutral position (%)	Strategic range (%)																												
Australian Shares	29.64	30.50	20.50 – 35.50																												
International Shares	19.31	21.50	11.50 – 26.50																												
Property	10.33	11.00	6.00 – 16.00																												
Australian Fixed Interest	4.87	1.50	0.00 – 11.50																												
International Fixed Interest	4.36	2.50	0.00 – 12.50																												
Growth Alternative Strategies	18.00	18.00	13.00 – 28.00																												
Asian Shares	2.59	1.50	0.00 – 6.50																												
Commodities	2.38	2.50	0.00 – 7.50																												
Defensive Alternative Strategies	4.76	8.00	3.00 – 18.00																												
Cash	3.76	3.00	0.00 – 23.00																												

## Advance Retirement Suite

For the year ended 30 June 2013

Advance High Growth Multi-Blend Fund			
Objective	To provide superior total returns (before fees and taxes) over the long term through capital growth by investing in growth assets.		
Strategy	To invest primarily in Australian and global shares with some exposure to property. The Fund's exposure to these asset sectors will be obtained primarily by investing into our sector specific funds. The Fund may also hold assets directly including derivatives, currency and other unit trusts.		
Investment management	Aberdeen Asset Management Alleron Investment Management Alphinity Investment Management AMP Capital Investors AQR Capital Management Bennelong Australian Equity Partners BT Investment Management Celeste Funds Management Contango Asset Management Credit Suisse Asset Management EII Capital Management Franklin Templeton IMS Funds Management	Kapstream Capital MFS Institutional Advisors, Inc Northcape Capital Perennial Investment Partners Phoenix Portfolios Principal Global Investors Standish TT International Tradewinds Global Investors, LLC Tribeca Investment Partners Trilogy Global Advisers Wellington Management	
Investment timeframe	7 years +		
Sector	Asset mix at 30 June 2013 (%)	Neutral position (%)	Strategic range (%)
Australian Shares	35.59	36.50	26.50 – 41.50
International Shares	26.97	29.50	19.50 – 34.50
Property	8.27	10.00	5.00 – 15.00
Growth Alternative Strategies	19.95	20.00	15.00 – 35.00
Asian Shares	3.05	2.00	0.00 – 7.00
Commodities	2.36	2.00	0.00 – 7.00
Cash	3.81	0.00	0.00 – 20.00

Advance International Shares Multi-Blend Fund ARS			
Objective	To provide long-term capital growth from a diversified portfolio of global shares and currencies. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the MSCI World ex Aust Accumulation Index in Australian dollars over periods of five years or longer.		
Strategy	To invest in a wide range of global shares listed, or expected to be listed, on world stock exchanges, including emerging markets and across a diverse range of industries. The Fund seeks to add value by actively investing in currencies.		
Investment management	AQR Capital Management MFS Institutional Advisors, Inc Schroder Investment Management Australia Limited Trilogy Global Advisors Tradewinds Global Investors, LLC		
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2013 (%)	Asset mix at 30 June 2012 (%)	Strategic range (%)
International shares	100	99.50	95.00 – 100
Cash	0.00	0.50	0.00 – 5.00

Advance Money Market Fund ARS			
Objective	To provide security of capital together with a secure regular income through investment in cash and money market securities. The Fund aims to provide investors with a total investment return (before fees and taxes) that is at least equal to the UBS Bank Bill Index.		
Strategy	To invest in various types of short-term money market securities. Liquidity, credit and duration risks will be managed by analysing the monetary policy cycle and other economic factors.		
Investment management	BT Investment Management IMS Funds Management		
Investment timeframe	No minimum		
Sector	Asset mix at 30 June 2013 (%)	Asset mix at 30 June 2012 (%)	Strategic range (%)
Cash	100	100	100

## Advance Retirement Suite

For the year ended 30 June 2013

Advance Australian Shares Fund ARS			
Objective	To provide long-term capital growth from a diversified portfolio of Australian Shares. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the S&P/ASX 200 Accumulation Index over periods of five years or longer.		
Strategy	To invest in a wide range of Australian shares, listed or expected to be listed, on the Australian Securities Exchange.		
Investment management	Alleron Investment Management Limited Alphinity Investment Management Bennelong Australian Equity Partners BT Investment Management Celeste Funds Management	Contango Asset Management Northcape Capital Schroders Investment Management Australia Limited Tribeca Investment Partners	
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2013 (%)	Asset mix at 30 June 2012 (%)	Strategic range (%)
Australian shares	100	97.60	95.00 – 100
Cash	0.00	2.40	0.00 – 5.00

Advance Australian Geared Equity Fund			
Objective	To provide magnified long-term capital growth by borrowing to invest in securities listed, or expected to be listed, on the Australian Stock Exchange. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the S&P/ASX 200 Accumulation Index over periods of five years or longer.		
Strategy	To invest in a wide range of Australian shares listed, or expected to be listed, on the Australian Securities Exchange. Currently it is intended that the Fund's strategy be implemented by investing in the Maple-Brown Abbott Sharemarket Fund. Most of the investment will comprise companies in the S&P/ASX 200 Index.		
Investment management	Maple-Brown Abbott		
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2013 (%)	Asset mix at 30 June 2012 (%)	Strategic range (%)
Australian shares	100	97.60	95.00 – 100
Cash	0.00	2.40	0.00 – 5.00

Advance Concentrated Australian Share Fund			
Objective	To provide strong medium to long-term capital growth from a diversified portfolio of Australian shares. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the S&P/ASX 200 Accumulation Index by greater than 4.5% pa over periods of five years or longer.		
Strategy	To invest in a wide range of Australian shares listed, or expected to be listed, on the Australian Securities Exchange.		
Investment management	Alleron Investment Management		
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2013 (%)	Asset mix at 30 June 2012 (%)	Strategic range (%)
Australian shares	98.28	98.10	95.00 – 100
Cash	1.72	1.90	0.00 – 5.00

Advance Asian Equity Fund (super only)			
Objective	To provide long-term capital growth by investing in Asian (ex Japan) securities listed, or expected to be listed, on World Stock Exchanges. The Fund aims to provide investors with a total return (before fees and taxes) that outperforms the MSCI All Countries Asia Free Excluding Japan Accumulation Index in Australian dollars over periods of five years or longer.		
Strategy	To invest in a diverse range of securities listed, or expected to be listed, on World Stock Exchanges excluding Japan, across a diverse range of industries.		
Investment management	TT International Wellington Management		
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2013 (%)	Asset mix at 30 June 2012 (%)	Strategic range (%)
Australian shares	100	99.70	90.00 – 100
Cash	0.00	0.30	0.00 – 10.00

## Investments exceeding 5%

The following investments exceeded more than 5% of the Retirement Suite's total assets at 30 June 2013:

Direct assets	%	Indirect assets	%
Advance Defensive Multi-Blend Fund ARS	13	MBA Sharemarket Fund	15
Advance Balanced Multi-Blend Fund ARS	45	Advance Australian Shares Multi-Blend Fund	13
Advance Balanced Multi-Blend ARS (NEF)	8	Advance International Shares Multi-Blend Fund	8
Advance Australian Shares Fund ARS	15	Advance Property Securities Multi-Blend Fund	6
Advance Money Market Fund ARS	7	Alternative Strategies Multi-Blend Fund	10
		Advance Investment Fund No 6	7
		Advance Australian Fixed Interest Multi-Blend Fund	7
		Advance International Fixed Interest Multi-Blend Fund	7
		Advance Cash Multi-Blend Fund	13

## Understanding the risks of investing

No matter which Investment Option you choose to invest in, there will always be some level of investment risk. The variability of returns is known as investment risk. Generally, the higher level of risk you are prepared to accept, the higher the potential returns, or losses.

Risk can be managed and even minimised, but not eliminated and there's always a chance you may lose money on any investments you make. You should be aware of these risks when investing and understand that not all risks are foreseeable.

Some common types of investment risks are outlined in the table below.

Risk type	Description of risk
Market risk	Markets are subject to a host of factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues. Market risk may have different impacts on each investment and investment style in that market at different times.
Security specific risk	An investment in a company may be affected by unexpected changes in that company's operations (such as changes in management or loss of a big customer) and business environment.
International investments risk	Investing internationally in one of the major asset classes will give exposure to different or potentially greater risks that are not associated with investing in Australia. International investments may be more affected by political and economic uncertainties, lower regulatory supervision, movements in foreign currency and interest rates, and more volatile, less liquid markets.
Currency risk	For investments in international assets, a rise in the Australian dollar relative to other currencies, may negatively impact investment values and returns.
Interest rate risk	Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may affect a company's cost of borrowings as well as the value of fixed interest securities.
Credit risk	Credit risk refers to a risk of loss arising from the failure of a borrower or other party to a contract to meet its obligations. This may arise in securities such as derivatives, fixed interest securities and mortgage securities.
Liquidity risk	This is the risk that an investment may not be easily converted into cash with little or no loss of capital and minimum delay because of either inadequate market depth or disruptions in the market place. Securities of small companies in particular may, from time-to-time, and especially in falling markets, become less liquid.
Derivative risk	The value of derivatives is linked to the value of the underlying assets and can be highly volatile. Potential gains and losses from derivative transactions can be substantial.



## Other important information

### Earnings paid to your account

Earnings, in the form of capital growth, income distributions or dividends, received from your investments are credited to your account. Your investment earnings will depend on the performance of the investments you choose and the amount of money invested in each.

Gains and losses are reflected through changes in the value (unit price) of your investments. Distribution payments from your investments are credited to your account when received.

### Use of derivative financial instruments

The Accounts are not directly exposed to, or involved in, the use of derivative financial instruments. The investment strategy of the Accounts is not to enter, hold or issue derivative financial instruments for trading purposes. However, the Advance managed investments available through the Accounts are permitted to invest in options, futures and other derivative contracts and may use some hedging to help protect the market value of their investments. This may have a positive or negative effect on the value of these investments.

The International Shares Multi-Blend Fund may seek to add value by actively investing in currencies. As a result, the total currency position of this Fund may vary over time. For the Advance Australian Geared Equity Fund, derivatives are permitted to be used to leverage (or gear) the Fund as an alternative to borrowings. For further information, please refer to the PDS for the relevant managed investment.

### Investor *Online*

Investor *Online* is fast and secure, and gives you access to the information you need to know about your account online, such as account balances, investments held, transaction details, insurance details and asset allocation.

You can also:

- change your address, contact and email details
- change your PIN
- submit your Tax File Number
- download the Product Disclosure Statement (PDS)
- access all your Investor Reports
- download a range of forms
- view tax and distribution information.

Using your account number and Personal Identification Number (PIN), your account information is available in an easy-to-read format by visiting [advance.com.au](http://advance.com.au) and logging on to Investor *Online*. If you've forgotten your Investor *Online* PIN, or have any other questions about Investor *Online*, email [investorservices@advance.com.au](mailto:investorservices@advance.com.au) or call the Contact Centre.

### Providing information to you electronically

We're progressively increasing the range of reporting, transaction and product information you can access electronically through Investor *Online*.

Through Investor *Online* you can access PDSs for the investments in your portfolio electronically. We'll also provide you with the following information electronically.

- Notifications of any adverse changes and significant adverse events affecting your managed investments.
- Notice of any proposal to introduce new fees and/or other costs, or to increase current fees or costs, affecting your account. This includes notice of our intention to receive and retain, as an additional fee for its services, any rebate, fee, commission or other payment in relation to an investment in your account.
- This Annual Report.

We may also use Investor *Online* in the future to provide you with any information (including Investor Reports) which may be sent, given or made available to you, under the trust deed or superannuation law.

You will of course also continue to have access to all of this information through your financial adviser and we may still choose to send some or all of this information to you. Additionally, unless

you've previously agreed to receive this information and other notifications electronically, you can ask us to send the required information to you in paper form free of charge, by contacting us in advance and placing yourself on our paper distribution list.

### Closed accounts

Under the trust deed, if an amount is received for a former member (with a closed account), the trustee is able to determine that the member is not entitled to some, or all, of that amount.

Accordingly, the trustee has determined that former members will not be entitled to all amounts less than \$50 credited to their closed accounts and these amounts will be applied for the general benefit of all current members of the fund.

### Refund of contributions tax as an anti-detriment payment

Tax law allows the trustee to calculate an increased amount, known as an 'anti-detriment' payment, to be paid when a death benefit payment is made to a beneficiary who was a spouse, former spouse or child of the member.

An 'anti-detriment' payment represents a refund of contributions tax paid on all contributions made to the fund by the member since joining the Advance Retirement Suite.

Note that an 'anti-detriment' payment cannot be paid if the death benefit is paid as a pension.

We've established a reserve to facilitate these refunds. At 30 June 2013, the amount held in this reserve was \$54,320 (2012: \$18,391, 2011: \$48,627). We manage the reserve by holding it in cash, as the liquidity is needed to ensure refunds can readily be made on an ongoing basis.

# Advance Retirement Suite

For the year ended 30 June 2013

## Eligible rollover fund

The Advance Retirement Savings Account (Advance RSA) is our nominated Eligible Rollover Fund (ERF) for the year ending 30 June 2013. This arrangement will continue until 1 January 2014 when our nominated ERF will change to the SuperTrace Eligible Rollover Fund (ABN 73 703 878 235 251).

We may transfer your benefits to the nominated ERF if the value of your account is less than \$2,000 and we are not obliged to forward your balance to the Australian Taxation Office under the unclaimed money laws.

If your benefits are transferred into the nominated ERF:

- you will no longer be a member of the Advance Retirement Suite and any insurance cover you may have held through us will cease on the date of transfer
- no further contributions may be made to your account
- you will not be able to make contributions to the nominated ERF
- you will not have any investment choice – the trustee of the nominated ERF will choose the investment strategy that will apply
- the trustee of the nominated ERF must ensure that all benefits are subject to its governing rules and the superannuation law, irrespective of the size of the benefit.

Refer to the relevant ERF product disclosure statement for more information on the nominated ERF which you should receive shortly after the time that your benefits are transferred.

For further information speak to your financial adviser or contact the relevant ERF as detailed below.

The Advance Retirement Savings Account  
GPO Box B87  
Perth WA 6838  
Telephone: 1800 819 935

SuperTrace Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124  
Telephone: 1300 788 750

## Professional indemnity insurance

As trustee of the Advance Retirement Suite, BTFM is responsible for the day-to-day administration and ensuring it complies with all relevant laws and the provisions of the trust deed. To cover any potential liabilities, BTFM has taken out professional indemnity insurance.

## Departed former temporary resident information

The trustee relies on ASIC relief to the effect that the trustee is not obliged to notify or give an exit statement to a non-resident in circumstances where the trustee pays unclaimed superannuation to the Commissioner of Taxation under Division 3 of Part 3A of the Superannuation (Unclaimed Money and Lost Members) Act 1999.

The trustee is obliged to pay unclaimed superannuation of a non-resident to the Commissioner of Taxation under Division 3 of Part 3A of the Superannuation (Unclaimed Money and Lost Members) Act 1999.

A non-resident has the right to make an application to the Commissioner of Taxation to claim the unclaimed superannuation under Division 4 of Part 3A of that Act.

## Enquiries and complaints

Further financial information, including information about fees and charges and other effects arising from a rollover or transfer of your benefit entitlements, not contained in this Annual Report, is available on request.

If you have any enquiries or complaints about the operation or management of one of the Accounts, please let us know.

**Telephone**  
1800 819 935

**Fax**  
08 9481 4318

**Email**  
[investorservices@advance.com.au](mailto:investorservices@advance.com.au)

**Mail**  
Advance  
GPO Box B87  
Perth WA 6838

We'll advise you if there is a charge for any information requested.

We'll acknowledge any complaint in writing within five business days and respond in writing within 45 days. If you're not satisfied with our actions, you can contact our Complaints Officer on the above number or address.

If a complaint has not been resolved within 45 days or you're not satisfied with the decision, you may contact the Superannuation Complaints Tribunal (SCT) – an independent complaints resolution scheme whose decisions are binding on us.

If you've made a complaint to us about a decision which affects you, and your complaint has not been resolved to your satisfaction, you may have a right to lodge a complaint about the decision with the Superannuation Complaints Tribunal.

The Tribunal is a body established by the Commonwealth Government to review trustee decisions relating to members (as opposed to trustee decisions relating to the management of the fund as a whole).

The contact details for the SCT are:

Superannuation Complaints Tribunal,  
Locked Bag 3060  
GPO Melbourne VIC 3001  
Telephone: 1300 884 114

### Financial information

#### The Advance Retirement Suite

The following abridged financial information is based on the audited financial statements for the Advance Retirement Suite for the period 1 July 2012 to 30 June 2013. You can request a full set of these financial statements and auditor's report at any time.

### Abridged financial information

#### Operating statement for the year ended 30 June 2013

Advance Retirement Suite		
	2013	2012
	\$'000	\$'000
<b>Revenue</b>		
Investment revenue	45,479	(7,849)
Contributions revenue	8,516	9,880
Other revenue	159	500
<b>Total revenue/(loss) as a result of operations</b>	<b>54,154</b>	<b>2,531</b>
<b>Less: expenses</b>		
Benefits accrued as a result of operations before income tax	52,870	1,140
Less: income tax expense/(benefit)	103	7,445
<b>Benefits accrued as a result of operations after income tax</b>	<b>52,767</b>	<b>(6,305)</b>

#### Statement of financial position as at 30 June 2013

Advance Retirement Suite		
	2013	2012
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	391	815
Receivables	495	652
Tax refund due	391	697
Deferred tax asset	3,049	2,993
Investments	324,700	317,766
<b>Total assets</b>	<b>329,026</b>	<b>322,923</b>
<b>Less: liabilities</b>		
Payables	99	130
<b>Total liabilities</b>	<b>99</b>	<b>130</b>
<b>Net assets available to pay benefits</b>	<b>328,927</b>	<b>322,793</b>
<b>Represented by</b>		
Liability for accrued benefits		
• allocated to members' accounts	325,878	319,800
• unallocated to members' accounts	3,049	2,993
<b>Total liabilities for accrued benefits</b>	<b>328,927</b>	<b>322,793</b>

## Advance contact details

Advance Asset Management  
GPO Box B87  
Perth WA 6838

t: 1800 819 935

e: [investorservices@advance.com.au](mailto:investorservices@advance.com.au)

w: [advance.com.au](http://advance.com.au)

## Issued by

BT Funds Management Limited  
ABN 63 002 916 458  
AFSL 233724

**ADVANCE**