

ADVANCE RETIREMENT SUITE –
PERSONAL SUPER
ALLOCATED PENSION

Annual Report for the year ended 30 June 2017

Issued by BT Funds Management Limited ABN 63 002 916 458 AFSL 233724



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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. Past performance is not a reliable indicator of future performance.

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.

Introduction

We're pleased to present the Annual Report for the Accounts at 30 June 2017. 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 our Customer Relations team. Details are on page 19.

Recent developments in superannuation

1. 2017/18 superannuation thresholds

The superannuation contributions caps and various other superannuation thresholds that apply for the current financial year are as follows:

CONCESSIONAL CONTRIBUTIONS CAP	\$25,000
Non concessional contributions cap	\$100,000 ¹
Capital Gains Tax (CGT) Cap (lifetime limit)	\$1,445,000
GOVERNMENT CO-CONTRIBUTIONS	
> Maximum co-contribution ²	\$500
> Lower threshold	\$36,813
> Upper threshold (cut off)	\$51,813
Superannuation Guarantee (SG) rate³	9.5%
Low rate cap	\$200,000

1. If you were under age 65 on 1 July 2017 and satisfy other conditions you may be able to make larger non-concessional contributions over two or three financial years. Once your total super balance has reached \$1.6 million, however, your non-concessional contribution cap will be nil. Your total super balance is assessed as at 30 June of the previous financial year.
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.
3. The SG rate is currently 9.5% where it will remain until 30 June 2021. From 1 July 2021, the SG rate will increase to 10% and thereafter will increase by 0.5% each financial year until it reaches 12% at 1 July 2025.

2. Non-Concessional Contributions cap reduced

From 1 July 2017, the non-concessional contributions cap has reduced to \$100,000 (from \$180,000). If your total super balance is \$1.6 million or more on 30 June of the previous financial year, your non-concessional contributions cap will be nil.

If you were under age 65 on 1 July of a financial year and satisfy other conditions, you may be eligible to utilise bring-forward arrangements to allow you to make larger non-concessional contributions over a two or three year period.

If you were under age 65 on 1 July 2017 and had a total super balance of less than:

- > \$1.4m, you may be able to make non-concessional contributions of up to \$300,000 over a three year period.
- > \$1.5m, you may be able to make non-concessional contributions of up to \$200,000 over a two year period.

If you triggered the bring-forward arrangements in the 2015/16 or 2016/17 financial years and have not contributed your full bring-forward amount before 1 July 2017, transitional arrangements apply to reduce your non-concessional contributions cap. If this applies to you, we recommend you refer to the ATO or seek professional advice to determine your non-concessional contributions cap.

3. Concessional contributions cap reduced

From 1 July 2017, the concessional contributions cap has reduced from \$30,000 (or \$35,000 for individuals over age 49) to \$25,000 per financial year, irrespective of age.

From 1 July 2019, if your total super balance is less than \$500,000 on 30 June of the previous financial year, your concessional contributions cap will be increased by the total unused amounts of your concessional contributions cap from the previous 5 years. You commence accumulating unused cap amounts from 1 July 2018.

4. Reduced division 293 tax threshold

The threshold for division 293 tax has been reduced from \$300,000 per annum to \$250,000 per annum from 1 July 2017.

If your combined adjusted taxable income¹ and concessional contributions to superannuation (less excess concessional contributions) exceeds the \$250,000 threshold in a financial year, you will have an additional 15% tax imposed on the lesser of:

- > the amount of your combined adjusted taxable income and concessional contributions (excluding excess concessional contributions) above \$250,000, or
- > your concessional contributions less your excess concessional contributions

1. Adjusted taxable income is the sum of taxable income, adjusted fringe benefits, target foreign income, total net investment loss, tax-free pension or benefits and reportable superannuation contributions less deductible child maintenance expenditure.

5. Transfer balance cap

From 1 July 2017, you can only invest up to your transfer balance cap in superannuation income streams that are in the retirement phase (this generally includes income streams that receive an earnings tax exemption). The transfer balance cap will be set at \$1.6 million for the 2017/18 financial year and will be indexed to CPI each year rounded down to the nearest \$100,000. Amounts in excess of your transfer balance cap will need to be removed from your income stream(s) and may attract additional taxes and charges.

To keep track of your transfer balance cap and the amounts that are added and deducted from your cap, the ATO will create a transfer balance account for you:

- > when you first commence a superannuation income stream that is eligible for an earnings tax exemption on or after 1 July 2017, or
- > on 1 July 2017 if you had one or more existing superannuation income streams that are eligible for an earnings tax exemption.

Modifications to your transfer balance cap may also apply in certain circumstances including where you have made personal injury contributions to superannuation or if you are a child death benefit beneficiary. Special rules also apply to certain types of income streams such as lifetime, term and market-linked income streams. We recommend you refer to the ATO or seek professional advice to determine your transfer balance cap.

6. Changes to the tax treatment of Transition to Retirement (TTR) income streams

From 1 July 2017, earnings on your investments within a transition to retirement income stream are taxed at a maximum rate of 15% until you have reached age 65 or notified the trustee that you have satisfied one of the following prescribed conditions of release:

- > retiring after reaching preservation age
- > becoming permanently incapacitated
- > suffering from a terminal medical condition.

You'll no longer be able to maintain your TTR account when you turn 65, or notify us that you've met a prescribed condition of release.

This means, when you turn 65, or we're notified that you have met a prescribed condition of release, we'll move your benefit to a pension account and close your TTR account, unless you tell us otherwise.

Once your benefit has been moved to a pension account:

- > your investment earnings will be exempt from tax,
- > all your details (including your death benefit nomination) will be applied to your pension account, and
- > your account balance will count towards your \$1.6 million transfer balance cap.

7. Low Income Super Tax Offset (LISTO)

The Low Income Superannuation Tax Offset (LISTO) is a government superannuation payment that applies in relation to concessional contributions made on or after 1 July 2017.

You may be entitled to receive a LISTO payment of up to \$500 in respect of your concessional contributions made to superannuation in 2017/18 or a later financial year if your adjusted taxable income¹ for the financial year is less than \$37,000. Other conditions apply. For further details refer to the ATO website at ato.gov.au.

Note that Low Income Superannuation Contributions (LISCs) will not be payable in respect of concessional contributions made on or after 1 July 2017. LISC will continue to be paid for eligible individuals until 30 June 2019 in respect of concessional contributions made in financial years 2012/13 to 2016/17 inclusive.

1. Adjusted taxable income is the sum of taxable income, adjusted fringe benefits, target foreign income, total net investment loss, tax-free pension or benefits and reportable superannuation contributions less deductible child maintenance expenditure.

8. Eligibility for Government co-contributions

From 1 July 2017, to be eligible to receive a government co-contribution in respect of personal contributions made to your super, you:

- > must have a total super balance less than the transfer balance cap (\$1.6 million for 2017/18) as at 30 June of the previous financial year, and
- > must not have made contributions above your non-concessional contributions cap for the financial year.

All other existing eligibility criteria remain unchanged.

For further details refer to the ATO website at ato.gov.au.

9. Tax deductions for personal contributions

If you are aged under 75, you may be able to claim an income tax deduction for personal superannuation contributions made on or after 1 July 2017, regardless of your employment status. Previously, this tax deduction was only available to persons who were not employed or who were substantially self-employed.

If you are a member of a Commonwealth public sector superannuation scheme, a constitutionally protected fund (CPF), or certain other funds that offer defined benefit interests, you may not be eligible to claim a deduction for personal contributions you make to these funds.

10. Extending the spouse tax offset

From 1 July 2017, the spouse tax offset income threshold has increased to \$37,000 (from \$10,800). You may be able to claim up to the maximum tax offset amount of \$540 for contributions made to your spouse's super fund where your spouse's income is equal to or below this threshold. The tax offset amount you may be entitled to will gradually reduce for income above this threshold and completely phases out when your spouse's income reaches \$40,000 (from \$13,800).

In addition, from 1 July 2017, you will not be entitled to the tax offset if your spouse:

- > exceeds their non-concessional contribution cap for the relevant financial year, or
- > has a total superannuation balance equal to or greater than the transfer balance cap (\$1.6 million for 2017/18) as at 30 June of the previous financial year.

All other existing eligibility criteria remain unchanged. For further details refer to the ATO website at ato.gov.au.

11. Removal of anti-detriment payments

Anti-detriment payments are now only payable in respect of certain death benefit payments where the member died before 1 July 2017 and the payment is made by 30 June 2019.

An anti-detriment payment is an increased amount that is payable when a death benefit payment is paid as a lump sum to a person who is 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 fund.

12. Superannuation death benefit payments can be rolled over

From 1 July 2017, eligible beneficiaries are able to transfer superannuation death benefits or death benefit income streams to another provider to commence a death benefit income stream, however cannot combine this benefit with other superannuation monies.

Eligible beneficiaries include 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.

13. Tax on Departing Australia Superannuation Payments

From 1 July 2017, tax will be withheld at a rate of 65% from the taxable component of a Departing Australia Superannuation Payment (DASP) paid to a departed temporary resident who held a working holiday maker visa and received superannuation contributions while they held the visa. Existing tax treatment continues to apply to all other DASPs. Refer to the ATO website at ato.gov.au for further details.

Proposed changes to superannuation

The Federal Government announced a number of changes to superannuation in the 2017 Federal Budget. The proposed changes, as described below, are not yet law and are subject to change.

Medicare Levy increase

From 1 July 2019, the Medicare Levy is proposed to increase to 2.5% (from 2%) to ensure that the National Disability Insurance Scheme is fully funded. The increased Medicare Levy will impact the tax withheld from some payments you receive from your pension and super accounts as outlined below.

Income payments

For the 2017/18 financial year, the tax payable on income payments you receive from your pension will no longer include the Temporary Budget Repair (TBR) Levy where applicable

Lump sum payments

Tax withheld from lump sum payments you, or your non-dependant (tax) beneficiaries¹, receive from your pension or super account will not include the TBR Levy.

From 1 July 2017 if you are eligible to access your superannuation as a lump sum, the tax we are required to withhold will depend on your age and the tax components within your benefit, as shown in the table below.

AGE	TAX WITHHELD ON THE TAXABLE COMPONENT	TAX WITHHELD ON THE TAX-FREE COMPONENT
Under preservation age ²	A rate of 22% (including the Medicare Levy)	Nil
Preservation age ² to 59	Up to \$200,000 ³ : Nil Above \$200,000 ³ : a rate of 17% (including the Medicare Levy)	Nil
60 or over	Tax-free	Nil

Death benefits paid on or after 1 July 2017 as a lump sum to a non-dependant for tax purposes¹ will have tax withheld in the following manner:

COMPONENT	TAX WITHHELD
Tax-free	Nil
Taxable (taxed element)	Taxed at 17% (including the Medicare Levy)
Taxable (untaxed element)	Taxed at 32% (including the 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. Your preservation age is between 55 and 60 depending on your date of birth.
3. This is the low rate cap which provides a lifetime limit of \$200,000 for 2017/18, indexed to AWOTE rounded down to the nearest \$5,000 in subsequent years.

First Home Super Saver Scheme

From 1 July 2018, individuals will be able to apply to the Australian Taxation Office (ATO) to withdraw voluntary contributions made to superannuation on or after 1 July 2017 for the purposes of purchasing a first home.

Voluntary contributions include salary sacrifice contributions made with before tax money and personal contributions made with after tax money. These voluntary contributions must be made within your contribution caps.

Up to \$15,000 of voluntary contributions made in a financial year count towards the amount that can be released. The maximum amount that can be released is \$30,000 of personal contributions plus an associated deemed earnings amount.

Concessional (before tax) contributions and earnings that are withdrawn will be taxed at marginal tax rates, less a 30% tax offset.

Downsizer contributions

From 1 July 2018, if you are age 65 or over and satisfy other eligibility conditions, you will be able to contribute up to \$300,000 to superannuation from the proceeds of the sale of your main residence.

The main residence must have been owned by you or your spouse for at least 10 years prior to disposal on or after 1 July 2018 and you cannot have made contributions from an earlier disposal of a main residence. Other eligibility conditions will apply.

Once you are satisfied that a contribution qualifies under the rules, the contribution must be made within 90 days of the disposal of your main residence. You will need to notify your superannuation provider that the contribution is a downsizer contribution at the time of making the contribution.

Qualifying downsizer contributions will be exempt from the contributions caps.

You will need to seek professional advice about whether your contributions qualify under these rules.

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.

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.

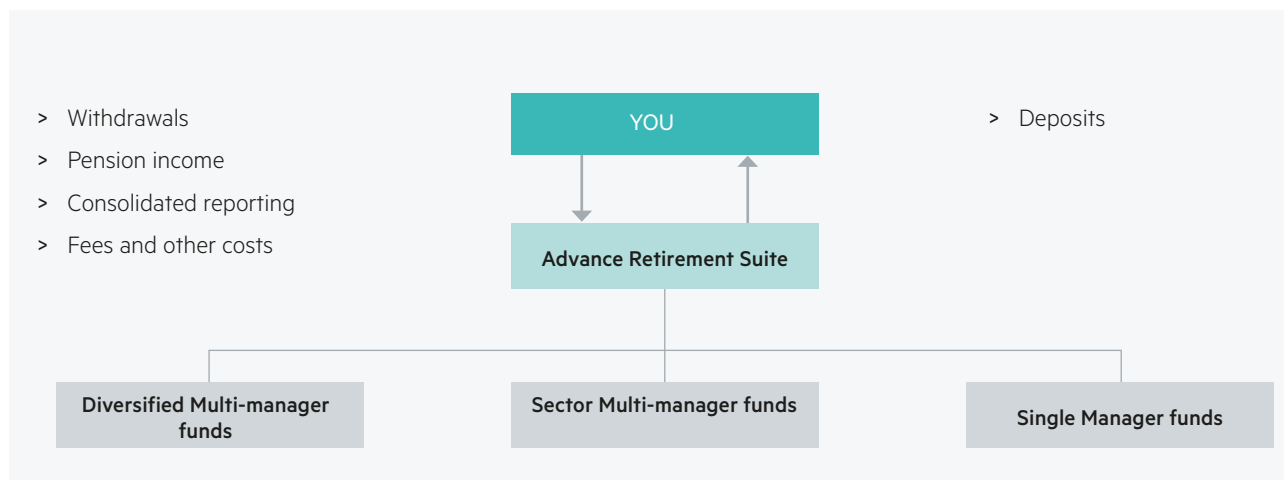
Investment Option profiles

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 2017, 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 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	The Fund invests in a diverse mix of assets with a majority (about 70%) in the defensive assets of cash and fixed income, and a modest investment (about 30%) in growth assets such as shares. The Fund's exposure to these asset classes 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	<p>AB Custom Alternative Solutions LLS</p> <p>Aberdeen Asset Management Limited</p> <p>Alphinity Investment Management Pty Limited</p> <p>AMP Capital Investors Limited</p> <p>AQR Capital Management, LLC</p> <p>Ardevora Asset Management LLP</p> <p>Bennelong Australian Equity Partners Pty Limited</p> <p>BlackRock Investment Management (Australia) Limited</p> <p>BT Investment Management (Institutional) Limited</p> <p>Celeste Funds Management Limited</p> <p>FIL Limited</p> <p>Heitman Real Estate Securities LLC</p> <p>Henderson Global Investors (Australia) Institutional Funds Management Limited</p> <p>IMS Funds Management</p> <p>Kapstream Capital Pty Limited</p> <p>Lansdowne Partners (UK) LLP</p> <p>MFS Institutional Advisors, Inc</p> <p>OC Funds Management Limited</p> <p>Phoenix Portfolios Pty Limited</p> <p>Principal Global Investors (Australia) Limited</p> <p>River & Mercantile Asset Management LLP</p> <p>RV Capital Management Private Ltd.</p> <p>Schroder Investment Management Australia Limited</p> <p>Sigma Funds Management Pty Limited</p> <p>Standish Mellon Asset Management Company LLC</p> <p>Tribeca Investment Partners Pty Limited</p> <p>T. Rowe Price International Ltd</p> <p>Wellington Management Australia Pty Ltd</p>
Investment timeframe	3 years +

ASSET CLASS AS AT 30 JUNE 2017	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Equity – Australian Listed	12.22	12	0–32
Equity – International Listed	8.42	10	0–30
Property – Australian Listed	1.64	2	0–22
Property – International Listed	4.91	5	
Commodities – International Listed	1.05	1	0–6
Other – Growth Alternatives	0	0	0–19
Other – Defensive Alternatives	0	4	
Fixed Income – Australian	24.9	24	4–44
Fixed Income – International	28.06	28	8–48
Cash	18.8	14	0–34
Total	100		

ADVANCE MODERATE MULTI-BLEND FUND ARS

Objective	To provide relatively stable total returns (before fees and taxes) over the short to medium term with some capital growth over the long term through a diversified mix of growth and defensive assets.
Strategy	The Fund invests in a mix of defensive assets (around 50%) such as cash and fixed interest and growth assets (around 50%) such as shares and property. The Fund's exposure to these asset classes 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.
Investment management	<p>AB Custom Alternative Solutions LLS</p> <p>Aberdeen Asset Management Limited</p> <p>Alphinity Investment Management Pty Limited</p> <p>AMP Capital Investors Limited</p> <p>AQR Capital Management, LLC</p> <p>Ardevora Asset Management LLP</p> <p>Bennelong Australian Equity Partners Pty Limited</p> <p>BlackRock Investment Management (Australia) Limited</p> <p>BT Investment Management (Institutional) Limited</p> <p>Celeste Funds Management Limited</p> <p>FIL Limited</p> <p>Heitman Real Estate Securities LLC</p> <p>Henderson Global Investors (Australia) Institutional Funds Management Limited</p> <p>IMS Funds Management</p> <p>Kapstream Capital Pty Limited</p> <p>Lansdowne Partners (UK) LLP</p> <p>MFS Institutional Advisors, Inc</p> <p>OC Funds Management Limited</p> <p>Phoenix Portfolios Pty Limited</p> <p>Principal Global Investors (Australia) Limited</p> <p>River & Mercantile Asset Management LLP</p> <p>RV Capital Management Private Ltd.</p> <p>Schroder Investment Management Australia Limited</p> <p>Sigma Funds Management Pty Limited</p> <p>Standish Mellon Asset Management Company LLC</p> <p>T. Rowe Price International Ltd</p> <p>Tribeca Investment Partners Pty Limited</p> <p>TT International</p> <p>Wellington Management Australia Pty Ltd</p>
Investment timeframe	4 years +

ASSET CLASS AS AT 30 JUNE 2017	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Equity – Australian Listed	21.40	21	1–41
Equity – International Listed	16.34	19	0–39
Property – Australian Listed	2.09	2	0–24
Property – International Listed	6.27	7	
Commodities – International Listed	1.09	1	0–6
Other – Growth Alternatives	0	0	0–19
Other – Defensive Alternatives	0.86	4	
Fixed Income – Australian	19.64	17	0–37
Fixed Income – International	18.32	20	0–40
Cash	13.99	9	0–29
Total	100		

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	The Fund invests in a diverse mix of assets with both income-producing assets (around 30%) of cash and fixed interest, and growth assets (around 70%) including shares and property. The Fund's exposure to these asset classes 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	<p>AB Custom Alternative Solutions LLS</p> <p>Aberdeen Asset Management Limited</p> <p>Alphinity Investment Management Pty Limited</p> <p>AMP Capital Investors Limited</p> <p>AQR Capital Management, LLC</p> <p>Ardevora Asset Management LLP</p> <p>Bennelong Australian Equity Partners Pty Limited</p> <p>BlackRock Investment Management (Australia) Limited</p> <p>BT Investment Management (Institutional) Limited</p> <p>Celeste Funds Management Limited</p> <p>FIL Limited</p> <p>Heitman Real Estate Securities LLC</p> <p>Henderson Global Investors (Australia) Institutional Funds Management Limited</p> <p>IMS Funds Management</p> <p>Kapstream Capital Pty Limited</p> <p>Lansdowne Partners (UK) LLP</p> <p>MFS Institutional Advisors, Inc</p> <p>OC Funds Management Limited</p> <p>Phoenix Portfolios Pty Limited</p> <p>Principal Global Investors (Australia) Limited</p> <p>River & Mercantile Asset Management LLP</p> <p>RV Capital Management Private Ltd.</p> <p>Schroder Investment Management Australia Limited</p> <p>Sigma Funds Management Pty Limited</p> <p>Standish Mellon Asset Management Company LLC</p> <p>T. Rowe Price International Ltd</p> <p>Tribeca Investment Partners Pty Limited</p> <p>TT International</p> <p>Wellington Management Australia Pty Ltd</p>
Investment timeframe	5 years +

ASSET CLASS AS AT 30 JUNE 2017	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Equity – Australian Listed	29.27	29	9–49
Equity – International Listed	24.57	29	9–49
Property – Australian Listed	2.27	3	0–25
Property – International Listed	6.81	7	
Commodities – International Listed	2.20	2	0–7
Other – Growth Alternatives	0	0	0–20
Other – Defensive Alternatives	1.47	5	
Fixed Income – Australian	10.26	8	0–33
Fixed Income – International	10.49	12	0–32
Cash	12.68	5	0–25
Total	100		

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	The Fund invests in a diverse mix of assets with an emphasis (about 85%) on the growth oriented assets of Australian and international shares, and investment (about 15%) in the defensive assets of cash and fixed interest providing some income and stability of returns. The Fund's exposure to these asset classes 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	<p>AB Custom Alternative Solutions LLS</p> <p>Aberdeen Asset Management Limited</p> <p>Alphinity Investment Management Pty Limited</p> <p>AMP Capital Investors Limited</p> <p>AQR Capital Management, LLC</p> <p>Ardevora Asset Management LLP</p> <p>Bennelong Australian Equity Partners Pty Limited</p> <p>BlackRock Investment Management (Australia) Limited</p> <p>BT Investment Management (Institutional) Limited</p> <p>Celeste Funds Management Limited</p> <p>FIL Limited</p> <p>Heitman Real Estate Securities LLC</p> <p>Henderson Global Investors (Australia) Institutional Funds Management Limited</p> <p>IMS Funds Management</p> <p>Kapstream Capital Pty Limited</p> <p>Lansdowne Partners (UK) LLP</p> <p>MFS Institutional Advisors, Inc</p> <p>OC Funds Management Limited</p> <p>Phoenix Portfolios Pty Limited</p> <p>Principal Global Investors (Australia) Limited</p> <p>River & Mercantile Asset Management LLP</p> <p>RV Capital Management Private Ltd.</p> <p>Schroder Investment Management Australia Limited</p> <p>Sigma Funds Management Pty Limited</p> <p>Standish Mellon Asset Management Company LLC</p> <p>T. Rowe Price International Ltd</p> <p>Tribeca Investment Partners Pty Limited</p> <p>TT International</p> <p>Wellington Management Australia Pty Ltd</p>
Investment timeframe	6 years +

ASSET CLASS AS AT 30 JUNE 2017	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Equity – Australian Listed	34.56	35	10–50
Equity – International Listed	30.89	37	3–43
Property – Australian Listed	2.50	3	0–26
Property – International Listed	7.49	8	
Commodities – International Listed	2.13	2	
Other – Growth Alternatives	0	0	0–19
Other – Defensive Alternatives	1.34	4	
Fixed Income – Australian	3.87	3	0–23
Fixed Income – International	4.21	5	0–25
Cash	13.02	3	0–23
Total	100		

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 primarily in growth assets.
Strategy	The Fund invests primarily in growth assets such as Australian and international shares and property. The Fund's exposure to these asset classes 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	<p>AB Custom Alternative Solutions LLS</p> <p>Aberdeen Asset Management Limited</p> <p>Alphinity Investment Management Pty Limited</p> <p>AMP Capital Investors Limited</p> <p>AQR Capital Management, LLC</p> <p>Ardevora Asset Management LLP</p> <p>Bennelong Australian Equity Partners Pty Limited</p> <p>BlackRock Investment Management (Australia) Limited</p> <p>BT Investment Management (Institutional) Limited</p> <p>Celeste Funds Management Limited</p> <p>FIL Limited</p> <p>Heitman Real Estate Securities LLC</p> <p>Henderson Global Investors (Australia) Institutional Funds Management Limited</p> <p>IMS Funds Management</p> <p>Kapstream Capital Pty Limited</p> <p>Lansdowne Partners (UK) LLP</p> <p>MFS Institutional Advisors, Inc</p> <p>OC Funds Management Limited</p> <p>Phoenix Portfolios Pty Limited</p> <p>Principal Global Investors (Australia) Limited</p> <p>River & Mercantile Asset Management LLP</p> <p>RV Capital Management Private Ltd.</p> <p>Schroder Investment Management Australia Limited</p> <p>Sigma Funds Management Pty Limited</p> <p>Standish Mellon Asset Management Company LLC</p> <p>T. Rowe Price International Ltd</p> <p>Tribeca Investment Partners Pty Limited</p> <p>TT International</p> <p>Wellington Management Australia Pty Ltd</p>
Investment timeframe	7 years +

ASSET CLASS AS AT 30 JUNE 2017	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Equity – Australian Listed	37.90	40	20–60
Equity – International Listed	36.73	44	24–64
Property – Australian Listed	2.65	3	0–27
Property – International Listed	7.96	9	
Commodities – International Listed	2.00	2	0–7
Other – Growth Alternatives	0	0	0–15
Other – Defensive Alternatives	0	0	0–15
Cash	12.76	2	0–22
Total	100		

ADVANCE INTERNATIONAL SHARES MULTI-BLEND FUND ARS

Objective	To provide investors with a total investment return (before fees and taxes) that outperforms the benchmark over periods of five years or longer.		
Benchmark	MSCI World ex Australia (Standard) Index (Net Dividends) in Australian dollars.		
Strategy	The Fund invests in a wide range of international shares listed, or expected to be listed, on world stock exchanges, including emerging markets and across a diverse range of industries.		
Investment management	AQR Capital Management, LLC Ardevora Asset Management LLP Lansdowne Partners (UK) LLP MFS Institutional Advisors, Inc Ramius Alternative Solutions LLC River & Mercantile Asset Management LLP T. Rowe Price International Ltd		
Investment timeframe	5 years +		
SECTOR	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
International Shares	100	100	95–100
Cash	0	0	0–5

ADVANCE MONEY MARKET FUND ARS

Objective	To provide investors with a total investment return (before fees and taxes) that outperforms the benchmark over one year, maintaining liquidity, avoiding unnecessary risk and therefore seeking to maintain capital value.		
Benchmark	Bloomberg AusBond Bank Bill Index SM		
Strategy	The Fund invests in various types of money market and short dated Australian fixed interest securities and instruments. Liquidity, credit and duration risks are managed by analysing the monetary policy cycle and other economic factors.		
Investment management	BT Investment Management (Institutional) Limited IMS Funds Management		
Investment timeframe	1 year +		
SECTOR	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Cash	100	100	100

ADVANCE AUSTRALIAN SHARES FUND ARS

Objective	To provide investors with a total investment return (before fees and taxes) that outperforms the benchmark over periods of five years or longer.		
Benchmark	S&P/ASX 300 Accumulation Index		
Strategy	The Fund invests in a wide range of Australian shares listed or expected to be listed, on the Australian Securities Exchange.		
Investment management	Alphinity Investment Management Pty Limited Bennelong Australian Equity Partners Pty Limited BT Investment Management (Institutional) Limited Celeste Funds Management Limited Contango Asset Management Limited FIL Limited OC Funds Management Limited Schroders Investment Management Australia Limited Sigma Funds Management Pty Limited Tribeca Investment Partners Pty Limited		
Investment timeframe	5 years +		
SECTOR	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Australian Shares	100	100	95-100
Cash	0	0	0-5

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	ACTUAL ALLOCATION (%)	TARGET SAA (%)	SAA RANGE (%)
Australian Shares	100	100	95-100
Cash	0	0	0-5

Investments exceeding 5%

The following investments exceeded 5% of the Retirement Suite's total assets at 30 June 2017:

DIRECT ASSETS	%	INDIRECT ASSETS	%
Advance Balanced Multi-Blend Fund	53	Advance Australian Shares Multi-Blend Fund	19
Maple-brown Abbott Sharemarket Fund	20	Advance Australian Fixed Interest Multi-Blend Fund	8
Advance Defensive Multi-Blend Fund	12	Advance International Shares Multi-Blend	12
Advance Money Market Fund	9	BT Wholesale Multi-manager International Share Fund	12
		BT Institutional International Share Interfund	6
		BT Wholesale Partner International Shares Core 1	5

There are no further combinations of investments that the Trustee knows or ought reasonably to know are invested, directly or indirectly, in a single enterprise or single group of associated enterprises and that have a combined value in excess of 5% of the total assets of the Retirement Suite.

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 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 or call our Customer Relations team.

Providing information to you electronically

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

Through Investor *Online* you can electronically access PDSs for the investments in your portfolio. 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

As explained in the Recent Developments in Super section, from 1 July 2017, anti-detriment payments now only apply to member who died before 1 July 2017 and the payment is made by 30 June 2019.

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.

This increased amount known as an 'anti-detriment' payment, is payable when a death benefit payment is made to a beneficiary who is a spouse, former spouse or child of the member. Note that an 'anti-detriment' payment cannot be paid if the death benefit is paid as a pension.

Eligible rollover fund

SuperTrace Eligible Rollover Fund (ABN 73 703 878 235) (SuperTrace) is currently our nominated Eligible Rollover Fund. We may transfer your benefits to SuperTrace if the value of your account is less than \$2,000 and we are not obliged to forward your balance to the ATO under the unclaimed money laws.

If your benefits are transferred into SuperTrace:

- > 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 SuperTrace
- > you will not have any investment choice – the trustee of SuperTrace will nominate the investment strategy that will apply, and
- > the trustee of SuperTrace 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 SuperTrace product disclosure statement for more information on SuperTrace which you should receive shortly after the time that your benefits are transferred.

For further information speak to your financial adviser or contact:

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.

Temporary residents

A temporary resident is a holder of a temporary visa under the *Migration Act 1958*.

From 1 April 2009, if you are, or were, a temporary resident and are not an Australian citizen, New Zealand citizen or permanent resident of Australia, or a holder of a retirement visa (Subclass 405 or 410), you can generally only access your preserved super benefits if you become permanently incapacitated, have a terminal medical condition, or have departed Australia permanently and your visa has ceased, or your beneficiaries may access your benefits if you die. You may also be able to access your benefit if you satisfied another condition of release under superannuation law before 1 April 2009.

The Australian Government also requires us to pay temporary residents' unclaimed super to the ATO after at least six months have passed since the later of:

- > the date a temporary resident's visa ceased to be in effect and
- > the date a temporary resident permanently left Australia.

Applications to claim your benefit can be made using the ATO Departing Australia Superannuation Payment ('DASP') online application system. To access this system and full information regarding DASP procedures and current tax rates visit ato.gov.au.

We are permitted under, and rely on, ASIC relief under Class Order CO 09/437 to not notify or provide an exit statement to a non-resident in circumstances where we pay unclaimed superannuation to the ATO under Division 3 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999*.

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

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

As permitted under the Corporation Act, abridged financial information of the fund is included in this annual report. You can request a copy of the audited financial statements and auditor's report at any time by contacting Advance on 1800 819 935.

ADVANCE RETIREMENT SUITE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2017		
	2017	2016
	\$'000	\$'000
Superannuation activities		
Interest income	3	–
Distribution income	34,824	10,736
Net changes in the fair value of investments	(11,018)	(14,103)
Other income	4	6
Total net income/(loss)	23,813	(3,361)
Trustee's fees	412	460
Other expenses	163	175
Total expenses	575	635
Profit/(loss) from superannuation activities before income tax	23,238	(3,996)
Income tax expense/(benefit)	1,050	(833)
Profit/(loss) from superannuation activities after income tax	22,188	(3,163)
Less: net benefits allocated to defined contribution members' accounts	(22,188)	3,163
Profit/(loss) after income tax	–	–

ADVANCE RETIREMENT SUITE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017		
	2017	2016
	\$'000	\$'000
Assets		
Cash and cash equivalents	1,058	593
Unsettled sales	112	729
Receivables	6	3
Investments	259,714	263,784
Tax refund due	–	145
Deferred tax assets	2,405	3,411
Total assets	263,295	268,665
Liabilities		
Payables	273	275
Income tax payable	727	–
Total liabilities (excluding member benefits)	1,000	275
Net assets available for member benefits	262,295	268,390
Members benefits	259,890	264,979
Total net assets	2,405	3,411
Equity		
Unallocated benefits	2,405	3,411
Total equity	2,405	3,411

ADVANCE RETIREMENT SUITE STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$'000	\$'000
Opening balance of member benefits	264,979	300,864
Employer contributions	4,952	5,323
Member contributions	1,880	1,127
Transfers from other funds	1,074	506
Superannuation co-contributions	23	39
Total contributions	7,929	6,995
Benefit payments	(34,863)	(38,729)
Insurance premiums charged to members' accounts	(597)	(642)
Insurance benefits credited to members' accounts	–	332
Adviser fees	(113)	(99)
Income tax on net contributions	(639)	(712)
Net benefits allocated to members' accounts, comprising:		
> Net benefits allocated to defined contribution members' accounts	22,188	(3,163)
> Transfer from reserve	1,006	133
Closing balance of member benefits	259,890	264,979

ADVANCE RETIREMENT SUITE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Unallocated benefits
	\$'000
For the year ended 30 June 2017	
Opening balance as at 1 July 2016	3,411
Net transfer to/(from) reserves	(1,006)
Closing balance as at 30 June 2017	2,405
For the year ended 30 June 2016	
Opening balance as at 1 July 2015	3,544
Net transfer to/(from) reserves	(133)
Closing balance as at 30 June 2016	3,411

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Advance Asset Management, **GPO Box B87, Perth WA 6838**

Customer Relations 1800 819 935 Adviser Services 1300 361 864

Email investorservices@advance.com.au Fax (08) 9481 4318

Issued by: BT Funds Management Limited ABN 63 002 916 458AFSL 233724

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