PEARL SUPERANNUATION SERVICE

Annual Report 2023

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

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PEARL SUPERANNUATION SERVICE

Annual Report 2023

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

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

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

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From the Trustee

Dear Member,

On behalf of the Trustee Directors and the Management team of the Fiducian Superannuation Fund (the Fund) I am pleased to present the Fund's Annual Report for the year ended 30 June 2023.

The Fund continues to grow well, with member numbers increasing by 6.7% to 8,029. During the year member contributions exceeded $448 million. Our total assets of $2,254,000,000 include sub-funds Auxilium Superannuation, AMFG Superannuation and Pearl Superannuation.

While this last financial year has also been one of significant volatility in investment markets, performance returns have been strong. Details of all investments available to you are set out in this Report together with returns over periods to 30 June 2023.

We would like to invite members to join us at our Annual Member's Meeting which will be held in December 2023. Full details will be sent to you prior to the Meeting.

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

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

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

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

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

Kind regards

Drew Vaughan

Chairman

Fiducian Portfolio Services Limited –

Trustee of the Fiducian Superannuation Service

Economic overview

GLOBAL ECONOMY

The global economy remains sluggish as a result of severe measures taken over the past 18 months by most of the world's major central banks to counter what had been rising inflationary pressures. However, as the International Monetary Fund (IMF) noted in its October report, 'inflation, both headline and underlying (core), is gradually being brought under control'. Furthermore, the IMF is expecting inflation to 'continue to recede as central banks maintain a tight stance', also noting that 'with many countries near the peak of their tightening cycles, little additional tightening is warranted'. This is positive news that could provide support for some key markets as it becomes more generally understood that the inflationary battle is gradually being won. This task though has been made more difficult by fiscal policy (government spending) remaining relatively loose in many jurisdictions, with the IMF emphasising that 'fiscal policy needs to support the monetary strategy', particularly in the US, where the federal deficit is exploding and 'the fiscal stance has deteriorated substantially'. Nevertheless, despite such hurdles, 'projections are increasingly consistent with a "soft landing" scenario, bringing inflation down without a major downturn in activity'. As such, the IMF is forecasting real (inflation adjusted) global growth to be 3.0% this year and then only 2.9% in 2024 and, while 'risks to the outlook are more balanced than they were six months ago', 'the balance of risks to global growth remains tilted to the downside'. The advanced economies as a group are forecast to grow by only 1.5% this year and 1.4% next year, with US growth expected to be 2.1% this year and only 1.5% in 2024. Growth in the Euro zone (0.7% this year and only 1.2% in 2024) and in Japan (2.0% and 1.0%) is also expected to be less than robust. The developing world is doing better despite also facing stresses. China is forecast to expand by 5.0% this year and 4.2% in 2024, while India is expected to grow more rapidly (6.3% and 6.3%).

In the case of the US, the economy expanded strongly in the September quarter (by 4.9% at an annualised rate), although this was boosted by inventory accumulation and federal government spending, while private investment was weak. The central bank (the 'Fed') has continued its efforts to bring down inflation and has seen the annual inflation rate drop to 3.7% in September (down from 9.1% in June 2022). The Fed's most recent interest rate rise was on 25 July, which saw the 'Fed Funds Rate' lifted to a range of 5.25% to 5.5% (up from 0% in early 2022). The 'Fed' Chairman, Jerome Powell, stated on 19 October that 'inflation readings turned lower over the summer, a very favourable development', so that 'shorter-term measures of core inflation are now running below 3 percent'. This is close to target and 'has not come at the cost of meaningfully higher unemployment' or yet of a significant growth slowdown. Household spending has been held up by a drop in the personal saving rate, which has steadily decreased from a peak of 24.9% of disposable income in May 2020 to 3.8% in the September quarter. However, spending could slow further over coming months as consumers come under increasing pressure from slowly rising unemployment, declining real average weekly earnings and rising mortgage rates and interest rates more generally. Certainly the 'Fed' appears determined to continue its battle to push at least 'core' inflation (excluding food and energy prices) back down to its target of around 2%, with Powell, noting on 19 October that 'my colleagues and I remain resolute in our commitment to returning inflation to 2 percent over time'.

In Europe, the economic outlook is relatively bleaker, at least partly due to the Russian war on Ukraine, which has disrupted the supply of energy to many European economies and which has pushed electricity prices higher. The euro zone contracted in the September quarter (by 0.1%) and has essentially been in recession for the past year. The German economy also contracted in the quarter (by 0.1%) to be down 0.3% for the full year, while the UK economy barely grew (up 0.2%). The outlook for Asian economies is also being affected by the weak global economic environment. Nevertheless, developing economies as a group are forecast by the IMF to grow by 4% this year and in 2024, with India likely to grow faster than most. Japan too has been growing, with its exports benefiting from a significant currency depreciation in recent times.

AUSTRALIAN ECONOMY

The Australian economy has also slowed this year. In the June quarter it expanded by only 0.4% and on a per capita basis it actually contracted (by 0.3%). For the full 2022-23 year it expanded by 2.1% but on a per capita basis it contracted (also by 0.3%). The key factor driving this slowdown has been tight monetary policy by the Reserve Bank (RBA), including rapid interest rate rises. This policy tightening has been weighing on household spending, with discretionary spending declining by 0.5% over the June quarter. The RBA was late in beginning to raise rates compared with some of the major central banks as it apparently did not fully anticipate the extent to which inflation would take off. In fact, it continued to pursue 'quantitative easing' until it was finally ended in early February last year, while official interest rates were not raised from the historic low of 0.1% until 4 May last year (at first to 0.35% and then in increments to 4.1% on 7 June this year). The new RBA Governor, Michele Bullock, could be expected to focus on pushing inflation lower and, as such, further rate rises could be required over coming months. In the September quarter this year, the headline annual inflation rate was 5.4%, with the RBA's preferred measure (trimmed mean CPI) for the month of September also 5.4%, well above its target range of 2% to 3%. With the general economic outlook softening and interest rates likely to have to rise further, both equity and property markets could remain subdued for a time, especially given a relatively soft outlook for earnings.

Financial markets overview

AUSTRALIAN SHARES

The 2022-23 financial year saw the Australian share market rise strongly (the ASX200 accumulation index rose by 15%) after declining in 2021-22. The market declined through to October last year but then picked up and peaked in mid-April this year, before trading sideways for the rest of the financial year before falling back marginally in the September quarter. In recent months, stubbornly high inflation and the consequent prospect of even higher interest rates have not helped investor confidence, while the ongoing conflict in Ukraine and the more recent outbreak of war in the Middle East have also weighed on market sentiment. Since the end of the financial year, over the four months to 31 October 2023, the market declined by 4.5%. Over the full financial year, the key Industrials sector declined by 1%, while the Resources sector was flat, with the Energy sub-sector rising by a solid 11%. The Financials sector rose by 2% over the year, while the Technology sector fell for the second year in a row (down 6%). The small-cap sector also fell for the second year in a row (down 2%), after declining by a hefty 20% in the previous year. However, by 26 October, the overall share market appeared fairly priced compared with other investment opportunities, with an estimated price-to-earnings ratio (PER) of 14 times forward earnings (below its long-term average) (Yardeni Research) and with an above average dividend yield of over 4%.

INTERNATIONAL SHARES

International share markets mostly rose over the 2022-23 financial year. This upwards movement appears to have been a positive response to evidence of falling inflation due to an extended period of tighter monetary policy in most jurisdictions. Over the full year to 30 June 2023, market movements included the broad US market (S&P500) up 18% and the technology-laden US Nasdaq index up 25%, while European markets were also mostly positive. Key Asian markets ranged from Japan up 26% to China down 6% and India up 22%. With the IMF indicating in its October report that 'inflation is gradually being brought under control' and with 'projections increasingly consistent with a "soft landing" scenario', the potential outlook for markets appears to be improving. The September quarter this year though saw most markets retreat again, with the broad US market down 4%, Japan also down 4% and most European markets also down (except the UK market which gained 1% on the back of energy stocks). However, with it now appearing likely that most major central banks may not need to raise interest rates further, markets could be expected to look ahead to a gradual decline in the general level of interest rates beginning sometime during 2024. The earnings outlook is also forecast to brighten somewhat next year, with global corporate earnings forecast to grow by 11% (Yardeni Research). In terms of valuations, by 31 October, the price-to-earnings ratio (PER) for the major world markets as a whole (represented by the MSCI World index) was 15.6 times estimated forward earnings, just above its longer-term average. As such, in general terms most major share markets were still looking fairly priced relative to historical averages.

PROPERTY

The domestic listed property sector under-performed the overall domestic share market over the 2022-23 financial year (up 8% against a rise of 15% for the broader market), after out-performing the broader market during the previous year. This relative under-performance appears to reflect the interest rate-sensitive nature of this sector, with strongly rising interest rates having a greater impact on property valuations than on some other market sectors. The sector also appears to have been affected by the trend which first emerged during the pandemic of employees opting to work from home rather than travel in to city offices. As such, the commercial or office sector of the market has taken a larger hit than either the retail, industrial or even residential sectors. Over the September quarter, the sector once again under-performed the broader market (a 3% decline against a 1% decline). However, in broad terms, the sector now appears attractively priced, with a considerable number of listed property securities trading at significant discounts to assessed net asset value. By 30 September, the sector's PER was around 15 times forward earnings with a dividend yield of over 5%.

AUSTRALIAN BONDS

For the year ended 30 June 2023, Australian bonds (Bloomberg Composite Bond All Maturities index) returned 1.2%, after performing even more poorly in the previous year, returning -10.5%, which also followed poor returns for the sector for 2020-21 (-0.8%). With inflation up over the financial year, inflation-linked bonds out-performed (up 5.7%). In February 2022, the Reserve Bank ended its 'quantitative easing' policy and began to switch to a tightening phase and this brought in a period of rising bond yields (and falling prices), which affected the sector's performance. The sector also declined in the September 2023 quarter (down 0.3%). Looking ahead, with official interest rates likely to be at or approaching a peak and with economic activity slowing, the outlook for the sector could be set to improve. Internationally, most major central banks are no longer targeting higher bond yields. As such, the domestic bond market now appears more attractive than in recent years relative to historical norms and relative to other investment options, including share markets.

INTERNATIONAL BONDS

International bonds as a sector performed poorly over the 2022-23 financial year, returning -1.2% (Barclays Capital Global Aggregate index, hedged to the $A), following an even poorer performance in 2021-22 (-9.3%) and a further weak year in 2020-21 (-0.2%). Bond market returns have been affected by the move to tighter monetary policy by the major central banks in their attempt to rein in inflation. Clearly, with sovereign long bond yields brought close to 0% in early 2020 as a policy response to the onset of the pandemic, bonds were expensive at that time. Currently, bonds appear much more reasonably priced and could be expected to provide reasonable returns for those invested for the medium to longer-term.

Superannuation update for 2022/2023

From July 2023

INCREASE IN SUPERANNUATION GUARANTEE RATE

From 1 July 2023, the superannuation guarantee rate increased from 10.5% to 11%. Employers should update payroll systems to ensure the correct amounts of superannuation are paid to all eligible employees from 1 July 2023.

THE SUPER TRANSFER LIMIT HAS INCREASED

Until 1 July this year, the maximum amount you could move from super into tax-free retirement super income streams, such as Account-Based-Pensions and Annuities, was $1.7 million (called the 'transfer balance cap'). Due to indexation, that has now been increased to $1.9 million.

If you had a tax-free retirement pension before 1 July 2023, your cap may only be partially increased and the ATO will calculate your personal transfer balance cap.

NON-CONCESSIONAL CONTRIBUTIONS MORE ACCESSIBLE

What are non-concessional contributions?

Non-concessional contributions are extra super contributions you make using money that has already been taxed, such as your savings. Currently, you can contribute up to $110,000 per year in non-concessional contributions to super.

However, if you're eligible, you can contribute more under the bring-forward rule. This rule allows you to contribute more than the annual non-concessional contributions cap by making up to three years of non-concessional contributions in a single income year.

Changes from 1 July 2023

One of the eligibility requirements for making non-concessional contribution is based on your total super balance. Your total super balance includes all amounts you have in the super system based on the previous 30 June.

In 2022-23, those who had more than $1.7 million in super previously could not make non-concessional contributions. With the cap now increased to $1.9 million, this may no longer be the case. Also, the thresholds to contribute more under the bring forward arrangement have increased which may allow more to be contributed to super.

CHANGES TO MINIMUM WITHDRAWALS FROM PENSION PRODUCTS

In response to COVID, the Government temporarily reduced the minimum amount you needed to withdraw from retirement pension products.

As of 1 July 2023, the temporary reduction in drawdown rates ended, meaning those using a retirement income stream will be required to withdraw more of their super each year.

This table shows the temporary rates and the normal rates:

Age	Normal percentage withdrawal rate (from 1 July 2023)	Temporary percentage withdrawal rate
Under 65	4%	2%
65 to 74	5%	2.5%
75 to 79	6%	3%
80 to 84	7%	3.5%
85 to 89	9%	4.5%
90 to 94	11%	5.5%
95 or more	14%	7%

FUTURE CHANGES PROPOSED IN 2023 BUDGET

Payday super

It is proposed that, from 1 July 2026, employers will be required to pay employees' super at the same time they pay their wages. This measure is part of the 'Securing Australians' Superannuation Package' which was announced as part of the 2023-24 Federal Budget. Currently, employers are only required to pay superannuation on at least a quarterly basis.

This measure will enable employees to check the payment of their superannuation entitlements more easily, and to benefit from higher compounding returns given their super will be paid more frequently.

Employers should consider whether the administrative burden in complying with the payday super measures may be reduced by adjusting the frequency of payment of wages.

Increasing the ATO's visibility over unpaid super

Under the 'Securing Australians' Superannuation Package', the Federal Government has allocated $27 million to the ATO to improve data capabilities - including matching employer and super fund data to identify instances of underpayment of the superannuation guarantee by employers. An additional $13.2 million has been allocated to the ATO to consult and co-design a new compliance system which will proactively identify instances of underpayment of the superannuation guarantee.

Employers should be aware that the ATO will have more resources to detect non-compliance with the superannuation guarantee regime.

Enhancing the ATO's unpaid superannuation recovery targets

As part of the 2023-24 Federal Budget, the Government has set targets in the Treasury Portfolio's 'Budget Statements 2023-24' on which the ATO will be assessed on the recovery of unpaid superannuation. The ATO will have targets on the superannuation guarantee distributed as a proportion of superannuation guarantee raised, and the superannuation guarantee charge raised and distributed within 12 months.

Employers should be aware that the ATO will be subject to enhanced targets on the recovery of unpaid superannuation.

Superannuation update for 2022/2023 (cont)

Reduced tax concessions for individuals with more than $3 million in super

As part of the 'Better Targeted Superannuation Concessions' measures, from 1 July 2025, individuals with a super balance exceeding $3 million will be subject to an additional 15% tax on investment earnings on the portion of their super balance which exceeds $3 million. This means that the headline tax rate will increase from 15% to 30%, for earnings corresponding to the portion of an individual's superannuation balance that is greater than $3 million. Earnings on assets below the $3 million threshold will continue to be taxed at 15% if held in an accumulation or defined benefit account, and 0% if held in a retirement pension account.

The $3 million threshold is not expected to be indexed, and the 'Better Targeted Superannuation Concessions' measures are only expected to impact a modest number of individuals.

Change in AFCA's jurisdiction to hear superannuation related complaints

On 23 May 2023, Treasury released the Treasury Laws Amendment (Measures for Consultation) Bill 2023 which seeks to amend AFCA's jurisdiction to hear superannuation matters. The Bill seeks to amend the Corporations Act 2001 (Cth) (Corporations Act) by expanding AFCA's jurisdiction to include complaints relating to superannuation which are not listed under section 1053(1) of the Corporations Act, which will be heard in AFCA's non-superannuation jurisdiction. These changes are intended to take effect the day after the Bill receives Royal Assent.

Currently, section 1053(1) of the Corporations Act sets out the matters for which a person may make a complaint relating to superannuation under the AFCA scheme. In MetLife v Australian Financial Complaints Authority [2022] FCAFC 173, the Court held that AFCA only had jurisdiction to hear complaints relating to superannuation if the complaint was specifically listed in section 1053(1) of the Corporations Act. This meant that AFCA could not hear superannuation-related complaints which were not listed in section 1053(1) of the Corporations Act, for which the only avenue to seek redress was via the courts. This is contrary to the intention of section 1053(1) of the Corporations Act, which was not to restrict the complaints which may be made under the AFCA scheme.

Investments and investment returns

As at 30 June 2023, the following investments have a value in excess of 5% of the total assets of the Fund:

Funds	% of Fund
Cash	44.0%

Pearl Managed Portfolios

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

Pearl Managed Portfolios	1 year	3 years
Pearl Income Portfolio	6.7%	3.8%
Pearl Multi-Asset Conservative Portfolio	10.3%	6.8%
Pearl Multi-Asset Balanced Portfolio*	11.6%	8.3%
Pearl Multi-Asset Growth Portfolio	12.9%	9.6%
Pearl Multi-Asset High Growth Portfolio*	13.2%	10.8%
Pearl Australian Shares Portfolio	14.0%	11.9%
Pearl International Shares Portfolio	20.2%	11.0%
Pearl Emerging Leaders Portfolio	14.2%	8.9%

*Note as at 30 June 2023 Pearl Multi-Asset Balanced and Pearl Multi-Asset High Growth held assets

Long term return objectives

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

Categories	Maximum Asset Ranges		Long-term Return Objective over 7+ years	Estimated Number of Negative Returns over a 20-year period	Risk Label
	Growth	Defensive			
Diversified Funds					
Capital Stable	35%	80%	CPI + 3.5%	1 to 2	Low to medium
Balanced	75%	50%	CPI + 5.5%	2 to 3	Medium
Growth	95%	25%	CPI + 6.5%	3 to 4	Medium to high
High Growth / Ultra Growth	100%	5%	CPI + 8.5%	6 or greater	Very high
Asset Sector Funds					
Australian Shares	100%	10%	CPI + 7.5%	4 to 6	High
International Shares	100%	10%	CPI + 7.0%	4 to 6	High
Australian Smaller Company Shares	100%	10%	CPI + 8.5%	6 or greater	Very high
Emerging Markets	100%	10%	CPI + 10.0%	6 or greater	Very high
Listed Property Securities	100%	10%	CPI + 6.5%	3 to 4	Medium to high
Specialist Funds					
Cash or Capital Safe	-	100%	CPI + 0.0%	1	Very low
Geared Shares	100%	10%	CPI + 10.5%	6 or greater	Very high
Technology	100%	10%	CPI + 10.5%	6 or greater	Very high
Debt / Income / Mortgage Securities	-	100%	CPI + 2.0%	2 to 3	Medium
Resources	100%	10%	CPI + 8.0%	4 to 6	High
India / China	100%	25%	CPI + 10.5%	6 or greater	Very high

Investment managers

The investment manager appointed, as at 30 June 2023, for the Pearl Managed Portfolios was Watershed Funds Management Pty Ltd.

Pearl Managed Portfolios

The shares held in the Pearl Managed Portfolios at 30 June 2023 were:

Pearl Balanced Portfolio

- 3M CompaAlphabet Inc - Class A Common Stock
- Amazon com
- American Express Co
- ANZ Capital Notes 6
- ANZ Capital Notes 7
- Apple Inc
- Aristocrat Leisure Ltd
- Atlas Arteria
- Audinate Group Limited
- Aurizon Holdings Limited
- Austal Limited
- Baby Bunting Group Limited
- Bank of America Corporation
- Bank Of Queensland Limited Capital Note
- Bapcor Limited
- Beach Energy Limited
- Bendigo and Adelaide Bank Ltd Cap Note 3-Bbsw+3.8%
- Berkshire Hathaway
- Betashares Australian Government Bond ETF
- Betashares Ftse 100 ETF
- Betashares US Strong Bear Hedged
- BHP Group Limited
- Boeing Co.
- CBAPL PERLS XV Capital Notes
- Cochlear Ltd
- Commonwealth Bank of Aust Ltd
- Commonwealth Bank Perls V Capital Notes
- Costco Wholesale Corp
- CSL Limited
- DGL Group Limited
- Fidelity Global Emerging Markets Fund
- Global X Euro STOXX 50 ETF
- Global X US Treasury Bond ETF (Currency Hedged)
- Goodman Group
- Home Depot Inc
- Intel Corp
- iShares MSCI Emerging Markets
- iShares MSCI Japan ETF
- James Hardie Industries Plc
- Janus Henderson CDI
- Johnson & Johnson
- JPMorgan Chase & Co
- KKR Credit Income Fund
- Macquarie Bank Capital Note 3
- Macquarie Capital Note 3
- Macquarie Capital Note 4
- Macquarie Group Limited
- Microsoft Corp
- Mineral Resources Limited
- NAB Capital Notes 5 Perp Convertible Preference Shares
- NAB Capital Notes 6
- Newcrest Mining Ltd
- NRW Holdings Limited
- Origin Energy Ltd
- PayPal Holdings Inc
- Pimco Trends Managed Futures Strategy Fund
- Pinnacle Investment Management Group Limited
- Praemium Ltd
- PSC Insurance Limited
- Pwr Holdings Limited
- Resmed Inc
- Rio Tinto Ltd
- Santos Ltd
- Seven Group Holdings Limited
- Smartgroup Corporation Ltd
- Sonic Healthcare Ltd
- Sunrise Energy Metals Limited
- The Star Entertainment Group Limited
- Transurban Group
- Vaneck Emerging Inc Opportunities Active ETF
- Vanguard FTSE Europe Shares Etf
- Wells Fargo and Company
- Westpac Capital Notes 5
- Westpac Capital Notes 6
- Woodside Energy Group Ltd
- Woolworths Group Limited

Pearl Managed Portfolios (cont)

Pearl Growth Portfolio

- Alphabet Inc - Class A Common Stock
- Amazon com
- American Express Co
- ANZ Capital Notes 6
- ANZ Capital Notes 7
- Apple Inc
- Aristocrat Leisure Ltd
- Atlas Arteria
- Audinate Group Limited
- Aurizon Holdings Limited
- Austal Limited
- Australian Dairy Nutritionals Group
- Baby Bunting Group Limited
- Bank of America Corporation
- Bank Of Queensland Limited Capital Note
- Bapcor Limited
- Beach Energy Limited
- Bendigo and Adelaide Bank Ltd Cap Note 3-Bbsw+3.8%
- Berkshire Hathaway
- Betashares Australian Government Bond ETF
- Betashares Ftse 100 ETF
- Betashares US Strong Bear Hedged
- BHP Group Limited
- Boeing Co.
- CBAPL PERLS XV Capital Notes
- Cochlear Ltd
- Commonwealth Bank of Aust Ltd
- Commonwealth Bank Perls V Capital Notes
- Costco Wholesale Corp
- CSL Limited
- DGL Group Limited
- Fidelity Global Emerging Markets Fund
- Global X Euro STOXX 50 ETF
- Global X US Treasury Bond ETF (Currency Hedged)
- Goodman Group
- Home Depot Inc
- Intel Corp
- iShares MSCI Emerging Markets
- iShares MSCI Japan ETF
- James Hardie Industries Plc
- Janus Henderson CDI
- Johnson & Johnson
- JPMorgan Chase & Co
- KKR Credit Income Fund
- Macquarie Bank Capital Note 3
- Macquarie Capital Note 3
- Macquarie Capital Note 4
- Macquarie Group Limited
- Microsoft Corp
- Mineral Resources Limited
- NAB Capital Notes 5 Perp Convertible Preference Shares
- NAB Capital Notes 6
- Newcrest Mining Ltd
- NRW Holdings Limited
- Origin Energy Ltd
- PayPal Holdings Inc
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- Seven Group Holdings Limited
- Smartgroup Corporation Ltd
- Sonic Healthcare Ltd
- Sunrise Energy Metals Limited
- The Star Entertainment Group Limited
- Transurban Group
- Vaneck Emerging Inc Opportunities Active ETF
- Vanguard FTSE Europe Shares Etf
- Wells Fargo and Company
- Westpac Capital Notes 5
- Westpac Capital Notes 6
- Woodside Energy Group Ltd
- Woolworths Group Limited

Pearl Managed Portfolios (cont)

Pearl High Growth Portfolio

- Alphabet Inc - Class A Common Stock
- Amazon com
- American Express Co
- Apple Inc
- Aristocrat Leisure Ltd
- Atlas Arteria
- Audinate Group Limited
- Aurizon Holdings Limited
- Austal Limited
- Baby Bunting Group Limited
- Bank of America Corporation
- Bapcor Limited
- Beach Energy Limited
- Berkshire Hathaway
- Betashares Ftse 100 ETF
- Betashares US Strong Bear Hedged
- BHP Group Limited
- Boeing Co.
- Cochlear Ltd
- Commonwealth Bank of Aust Ltd
- Costco Wholesale Corp
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- JPMorgan Chase & Co
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Pearl Managed Portfolios (cont)

Pearl Conservative Portfolio

- Alphabet Inc - Class A Common Stock
- Amazon com
- American Express Co
- ANZ Capital Notes 6
- ANZ Capital Notes 7
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- Aristocrat Leisure Ltd
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- Cochlear Ltd
- Commonwealth Bank of Aust Ltd
- Commonwealth Bank Perls V Capital Notes
- Costco Wholesale Corp
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- Fidelity Global Emerging Markets Fund
- Global X Euro STOXX 50 ETF
- Global X US Treasury Bond ETF (Currency Hedged)
- Goodman Group
- Home Depot Inc
- Intel Corp
- iShares MSCI Emerging Markets
- iShares MSCI Japan ETF
- James Hardie Industries Plc
- Janus Henderson CDI
- Johnson & Johnson
- JPMorgan Chase & Co
- KKR Credit Income Fund
- Macquarie Bank Capital Note 3
- Macquarie Capital Note 3
- Macquarie Capital Note 4
- Macquarie Group Limited
- Microsoft Corp
- Mineral Resources Limited
- NAB Capital Notes 5 Perp Convertible Preference Shares
- NAB Capital Notes 6
- Newcrest Mining Ltd
- NRW Holdings Limited
- Origin Energy Ltd
- PayPal Holdings Inc
- Pimco Trends Managed Futures Strategy Fund
- Pinnacle Investment Management Group Limited
- Praemium Ltd
- PSC Insurance Limited
- Pwr Holdings Limited
- Resmed Inc
- Rio Tinto Ltd
- Santos Ltd
- Seven Group Holdings Limited
- Smartgroup Corporation Ltd
- Sonic Healthcare Ltd
- The Star Entertainment Group Limited
- Transurban Group
- Vaneck Emerging Inc Opportunities Active ETF
- Vanguard FTSE Europe Shares Etf
- Wells Fargo and Company
- Westpac Capital Notes 5
- Westpac Capital Notes 6
- Woodside Energy Group Ltd
- Woolworths Group Limited

Pearl Managed Portfolios (cont)

Pearl Income Portfolio

- ANZ Capital Notes 6
- ANZ Capital Notes 7
- Bank Of Queensland Limited Capital Note
- Bendigo and Adelaide Bank Ltd Cap Note 3-Bbsw+3.8%
- Betashares Australian Government Bond ETF
- CBAPL PERLS XV Capital Notes
- Commonwealth Bank Perls V Capital Notes
- Global X US Treasury Bond ETF (Currency Hedged)
- KKR Credit Income Fund
- Macquarie Bank Capital Note 3
- Macquarie Capital Note 3
- Macquarie Capital Note 4
- NAB Capital Notes 5 Perp Convertible Preference Shares
- NAB Capital Notes 6
- Vaneck Emerging Inc Opportunities Active ETF
- Westpac Capital Notes 5
- Westpac Capital Notes 6

Pearl Conservative Portfolio

- Alphabet Inc - Class A Common Stock
- Amazon com
- American Express Co
- Apple Inc
- Bank of America Corporation
- Berkshire Hathaway
- Boeing Co.
- Costco Wholesale Corp
- Home Depot Inc
- Intel Corp
- Johnson & Johnson
- JPMorgan Chase & Co
- Microsoft Corp
- PayPal Holdings Inc
- Wells Fargo and Company

Statement of fund policy on the use of derivative securities

The Fund does not currently use derivative securities.

In future, if it is decided to use such products, the Trustee will be required to modify the Risk Management Statement (RMS). Any such approved RMS must specify procedures for approval of actions and include detailed responsibilities and authorities as well as reporting and review procedures.

Financial accounts

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

PEARL SUPERANNUATION SERVICE INCOME STATEMENT

For the year ended 30 June 2023

	2023 $000	2022 $000
Superannuation Activities		
Interest income	35	-
Distribution income	-	-
Dividend income	121	18
Net change in fair value of financial instruments	194	(356)
Total income/(loss) from Superannuation activities	**350**	**(338)**
General administration expenses		
Administration and other service provider expenses	(47)	(9)
Financial advice fees	(28)	(5)
Total expenses	**(75)**	**(14)**
Results from superannuation activities before Income tax	**275**	**(352)**
Income tax benefit	24	16
Results from superannuation activities after Income tax	**299**	**(336)**
Net (benefit)/loss allocated to defined contribution members	(299)	336
Operating result after income tax	**-**	**-**

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

PEARL SUPERANNUATION SERVICE STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	2023 $000	2022 $000
Assets		
Cash and cash equivalents	3,469	249
Distributions receivable	-	-
Income tax receivable	26	8
Deferred tax asset	-	7
Outstanding settlements and other receivables	-	-
Financial Assets at fair value through profit and loss	4,732	2,370
Total assets	**8,227**	**2,634**
Liabilities		
Administration, financial advice fees and other service provider fees payable	13	4
Other payable	6	-
Income tax payable	-	-
Deferred tax liability	3	-
Total liabilities excluding member benefits	**22**	**4**
Net assets available for member benefits	**8,205**	**2,630**
Member Benefits		
Allocated to members	8,205	2,630
Total member benefits	**8,205**	**2,630**
Net Assets	**-**	**-**
Equity		
Reserves	-	-
Total Equity	**-**	**-**

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

Financial accounts (cont)

PEARL SUPERANNUATION SERVICE STATEMENT OF CHANGES IN MEMBER BENEFITS

For the year ended 30 June 2023

	2023	2022
	$000	$000
Opening balance of member benefits	**2,630**	**-**
Contributions received:		
Employer	33	7
Members	-	816
Transfers from other superannuation funds	5,939	2,173
Income Tax on contributions	(5)	(1)
Net after tax contributions	**5,967**	**2,995**
Benefits to members:		
Benefit Payments	(680)	(25)
Transfers to other superannuation funds	(11)	(4)
Benefits allocated to members' accounts:		
Net Investment Income	350	(338)
Net Advice fee, Administration and other service provider expenses	(75)	(14)
Tax benefit	24	16
	(392)	(365)
Closing balance of member benefits	**8,205**	**2,630**

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

PEARL SUPERANNUATION SERVICE STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	2023	2022
	$000	$000
Cash flows from operating activities		
Interest received	35	-
Distributions received	-	-
Dividends received	121	18
Financial advice, Administration and other service provider fees paid	(65)	(11)
Other	21	2
Net cash flows from operating activities	**112**	**9**
Cash flows from investing activities		
Proceeds from sale of shares in listed companies	1,150	136
Units in unit trusts purchased	1	-
Investment in term deposit	-	-
Shares in listed companies purchased	(3,319)	(2,863)
Net cash used in investing activities	**(2,168)**	**(2,727)**
Cash flows from financing activities		
Contributions received:		
Employer	33	7
Members	-	816
Transfers from other funds	5,939	2,173
Contributions tax paid	(5)	(1)
Benefits paid	(691)	(28)
Net cash flow from financing activities	**5,276**	**2,967**
Net increase in cash and cash equivalents	**3,220**	**249**
Cash and cash equivalents at the beginning of the year	249	-
Cash and cash equivalents at the end of the year	**3,469**	**249**

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

Statutory information

Trustee

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

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

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

Trustee board and committees

FIDUCIAN PORTFOLIO SERVICES LIMITED – RECORD OF ATTENDANCE AT TRUSTEE BOARD AND COMMITTEE MEETINGS

	Trustee Board		Audit, Risk and Compliance Committee		Investment Committee		Remuneration and Nominations Committee	
Trustee Director or Committee Member Name	**No.of Meetings Attended**	**No. of Meetings Eligible to Attend**	**No. of Meetings Attended**	**No. of Meetings Eligible to Attend**	**No. of Meetings Attended**	**No. of Meetings Eligible to Attend**	**No. of Meetings Attended**	**No. of Meetings Eligible to Attend**
Drew Vaughan	8	8	5	5	4	4	1	1
S.G. Venkatramani	7	8	4	5	-	-	-	1
Catherine Lynch	8	8	-	-	-	-	-	-
Maria-Ann Camilleri	8	8	-	-	-	-	-	-
Sam Hallab	8	8	5	5	-	-	1	1
Jai Singh	7	8	-	-	4	4	-	-
Tony Breen	-	-	-	-	4	4	-	-
Peter Mouatt	-	-	-	-	4	4	-	-

Statutory information (cont)

Trust deed

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

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

How your Member Account works

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

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

Income/Gains

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

Less Outgoings/Losses

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

Investment objectives

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

(a) paying benefits to members on or after retirement from gainful employment and when a prescribed event has occurred;

(b) paying benefits to members when they have reached the prescribed age; or

(c) paying benefits on the member's death to the member's dependents or legal representative.

Investment strategy

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

(a) the risk involved in making, holding and realising, and the likely return from the investments;

(b) offering a range of investments from which Fund members may implement an investment strategy or strategies and minimise investment risk through a diversified investment choice;

(c) the liquidity of investments offered as part of a diversified investment strategy;

(d) the reliability of valuation information for investment options; and

(e) associated liabilities, costs and taxation.

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

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

Expense reserve and expense recovery fee

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

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

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

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

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

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

Operational Risk Financial Requirement (ORFR)

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

Statutory information (cont)

The Operational Risk Reserve (ORR) is a reserve held within the Fund for your benefit and the Target Amount has been built up gradually over 3 years from your ORFR contributions. The ORFR contribution may change from time to time (depending on the size of the Fund, the Operational Risk Reserve and other factors). The ORFR contribution, currently 0.083% capped at $300 per 6 monthly instalment with a maximum of 6 instalments from an account, has been temporarily suspended. You will be informed if there are any changes in the ORFR contribution. The ORR is managed by the Trustee and invested in a Balanced portfolio or similar type assets.

The Reserve levels for the 2023 financial year and preceding years are shown below:

		Expense Reserve	ORR	Total
30 June '13	Bal.	$3,521,526	-	$3,521,526
	Mov.	-$503,818	$778,488	$274,670
30 June '14	Bal.	$3,017,708	$778,488	$3,796,196
	Mov.	-$616,708	$1,104,512	$487,804
30 June '15	Bal.	$2,401,000	$1,883,000	$4,284,000
	Mov.	-$1,072,638	$1,837,918	$765,280
30 June '16	Bal.	$1,328,362	$3,720,918	$5,049,280
	Mov.	$52,499	$651,064	$703,563
30 June '17	Bal.	$1,380,861	$4,371,982	$5,752,843
	Mov.	$2,887	$1,151,547	$1,154,434
30 June '18	Bal.	$1,383,748	$5,523,529	$6,907,277
	Mov.	-$892,305	$690,198	-$202,107
30 June '19	Bal.	$491,443	$6,213,727	$6,705,170
	Mov.	-$486,497	-$25,198	-$511,695
30 June '20	Bal.	$4,946	$6,188,529	$6,193,475
	Mov.	$256,998	$1,346,043	$1,603,041
30 June '21	Bal.	$261,944	$7,534,572	$7,796,516
	Mov.	$748,301	-$730,388	$17,913
30 June '22	Bal.	$1,010,245	$6,804,184	$7,814,429
	Mov.	$831,094	$652,251	$1,483,345
30 June '23	Bal.	$1,841,339	$7,456,435	$9,297,774

Fund website details

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

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

Indemnity insurance

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

Transfer of account

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

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