

PERPETUAL'S POOLED SUPERANNUATION TRUST

Annual Report

ANNUAL REPORT
YEAR ENDED 30 JUNE 2014
Perpetual Superannuation Limited
ABN 84 008 416 831 AFSL 225246 RSE L0003315

Perpetual 

DIRECTORY

TRUST

Perpetual's Pooled Superannuation Trust (PST)
ABN 89 544 906 125
RSE R1057027

ISSUER AND TRUSTEE

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RSE L0003315

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IMPORTANT NOTES AND DISCLAIMER

This Annual Report (Report) is a Fund Information Statement, as required to be issued under the Corporations Act, and has been prepared by the Trustee in October 2014 for unitholders in the PST. In this Report, 'we', 'us', 'our' and 'Perpetual Superannuation' are references to the Trustee.

The Trustee is part of the Perpetual Group, which comprises Perpetual Limited and its subsidiaries. Although the Trustee believes the information in this Report is accurate and reliable as at the date of issue, no company in the Perpetual Group, nor any director or officer of any company in the Perpetual Group, makes any representation or warranty as to the accuracy, reliability or completeness of material in this Report. Except in so far as liability under any statute cannot be excluded, companies in the Perpetual Group and directors, officers, employees and consultants of companies in the Perpetual Group do not accept any liability (whether arising in contract, tort, negligence or otherwise) for any error or omission in this Report or for any loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this information or any other person.

Some of the information in this Report is based on an interpretation of relevant laws that were current as at 30 June 2014. None of the information in this Report constitutes financial product advice. No unitholder or any other person should act on the basis of any statement, matter or thing in this Report without first obtaining independent advice.

Neither we nor any company in the Perpetual Group guarantee that you will earn any return on your investment or that your investment will gain in value or retain its value. Investment in the PST is subject to investment risk, including possible delays in repayment and loss of income and capital invested.

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DIRECTORS' MESSAGE

Dear Unitholder

On behalf of the Trustee of Perpetual's Pooled Superannuation Trust, we are pleased to present the PST's Annual Report for the year ended 30 June 2014.

This Report should be read in conjunction with your Annual Statement for the year ended 30 June 2014, which provides specific details of your investment in the PST.

This Report brings you up to date with relevant details relating to the PST, including the investment options available to unitholders. It also provides information on important changes in the superannuation environment (see page 2 for details).

Thank you for entrusting us to look after your fund's investments.

Directors, Perpetual Superannuation Limited

SUPERANNUATION CHANGES

INDEXATION OF SUPERANNUATION LIMITS AND THRESHOLDS

The following superannuation limits and thresholds have been indexed for the 2014/2015 financial year.

LIMIT/THRESHOLD	2013/2014	2014/2015
Concessional contributions cap ¹	\$25,000	\$30,000 ²
Non-concessional contributions cap ³	\$150,000	\$180,000
Government co-contribution ⁴ :		
Lower income threshold	\$33,516	\$34,488
Higher income threshold	\$48,516	\$49,488
Limit on capital gains tax concession on disposal of eligible assets by qualifying small business owners	\$1,315,000	\$1,355,000
Tax-free threshold ⁵ for the taxable component of lump sum benefit payments for members aged 55-59	\$180,000	\$185,000

- This amount will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) once the increase in the indexed amount is greater than \$5,000.
- A temporary higher concessional contributions cap of \$35,000 (unindexed) applies from 1 July 2014 for individuals aged 49 years or over on 30 June 2014. The higher cap will cease once the general concessional cap reaches \$35,000 by way of indexation.
- The non-concessional contributions cap is six times the general concessional contributions cap. However, if you are under age 65 or turn 65 during the year, you can make non-concessional contributions of up to three times the non-concessional contributions cap over a three-year period under the 'bring forward' option. The bring-forward cap is three times the non-concessional cap of the first year. For example, if you bring forward your non-concessional contributions in 2014/2015, the cap would be \$540,000 (that is, three times \$180,000).
- The co-contribution rate is 50%, with a maximum \$500 co-contribution on personal non-concessional contributions up to \$1,000 made by individuals with a total income up to the lower income threshold, which reduces by 3.333 cents for every \$1 of total income up to the higher income threshold where it ceases to apply. The higher income threshold is set at \$15,000 above the (indexed) lower income threshold.
- This amount will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE) in \$5,000 amounts.

OTHER CHANGES AND PROPOSALS

TEMPORARY BUDGET REPAIR LEVY

The Government introduced a 'Temporary Budget Repair Levy' in its May 2014 Budget.

GENERAL IMPACT ON SUPERANNUATION

Excess non-concessional contributions and any superannuation benefits that are taxable at the top marginal tax rate will be taxed at 47% rather than 45% (plus Medicare levy) for the period that the Temporary Budget Repair Levy applies.

DEPARTING AUSTRALIA SUPERANNUATION PAYMENTS (DASP)

For the period that the Temporary Budget Repair Levy applies, the tax payable on a DASP will be:

- 38% (normally 35%) for a taxed element of a taxable component
- 47% (normally 45%) for an untaxed element of a taxable component.

RESCHEDULING OF INCREASES IN THE SUPERANNUATION GUARANTEE (SG) RATE

Employers are generally required to pay SG contributions on behalf of their employees based on a percentage of salary. The contribution amount increased from 9.25% to 9.50% from 1 July 2014. The Government has now legislated further increases to 12.0%, as shown in the following table.

FINANCIAL YEAR	SUPERANNUATION GUARANTEE INCREASES		
	ORIGINAL RATES	SUBSEQUENTLY PROPOSED (MAY 2014 BUDGET)	NOW LEGISLATED
2015/2016	10.0%	9.5%	9.5%
2016/2017	10.5%	9.5%	9.5%
2017/2018	11.0%	9.5%	9.5%
2018/2019	11.5%	10.0%	9.5%
2019/2020	12.0%	10.5%	9.5%
2020/2021	12.0%	11.0%	9.5%
2021/2022	12.0%	11.5%	10.0%
2022/2023	12.0%	12.0%	10.5%
2023/2024	12.0%	12.0%	11.0%
2024/2025	12.0%	12.0%	11.5%
2025/2026	12.0%	12.0%	12.0%

LOW-INCOME SUPERANNUATION CONTRIBUTIONS

The low income superannuation contribution will remain in its existing form until 30 June 2017.

SUPERANNUATION EXCESS CONTRIBUTIONS TAX

The Government announced in its May 2014 Budget a proposal that for any excess superannuation contributions made after 1 July 2013 breaching the non-concessional cap, individuals will be allowed to withdraw those excess contributions and associated earnings. If an individual chooses this option, no excess contributions tax will be payable and any related earnings will be taxed at the individual's marginal tax rate. Individuals who leave their excess non-concessional contributions in the fund will continue to be taxed on those contributions at the top marginal rate.

INVESTMENT INFORMATION

TRUSTEE'S INVESTMENT OBJECTIVE

The Trustee's investment objective is to provide a range of investment options to trustees of complying superannuation funds, approved deposit funds and certain other funds which comply with the Superannuation Industry (Supervision) Act 1993 (SIS) and its regulations, from which they can select investments that are suitable for their fund's investment portfolio at any particular time.

TRUSTEE'S INVESTMENT STRATEGY

The Trustee's investment strategy is to provide a range of investment options with different risk/return profiles.

The investment options offer unitholders diversification across different asset classes, regions and markets.

DERIVATIVES

Some of the investment options may use derivatives to reduce risks in the share and bond markets and to increase or decrease their exposure to particular investment sectors or markets. While derivatives may be used for trading purposes, they are generally not used to gear investments. Please refer to the current Product Disclosure Statement (PDS) for full details on how derivatives are used in managing the underlying funds.

INVESTMENT OPTIONS

All investment options are fully invested in underlying managed investment schemes. Relevant details for each of the investment options available to PST unitholders are provided on pages 4-5 of this Report, including:

- investment objective
- risk level
- investment guidelines
- commencement date
- option size
- historical management cost
- investment performance
- asset allocations.

Full details of the investment options are contained in the current PDS, which is available at our website or by calling us.

The latest available performance figures and fund sizes (updated each month) may be obtained from our website or by calling us.

Investment performance has been calculated using unit prices net of any management fees and costs and tax of up to 15%. Care should be exercised in relying on past performance. Historical performance is not a reliable guide to future performance.

The Trustee may add, vary or withdraw investment options at its discretion.

INVESTMENT MANAGERS

The investment managers appointed by the Trustee to manage the various asset classes within the investment options as at 30 June 2014 are shown in the following table.

ASSET CLASS	INVESTMENT MANAGER(S)
Cash, Australian fixed income, property and Australian shares	Perpetual Investment Management Limited
International fixed income	Wellington Management Company, LLP
International shares	Wellington Management Company, LLP

The Trustee may add, delete or replace investment managers at its discretion.

OBTAINING UPDATED DETAILS ON THE INVESTMENT OPTIONS

INVESTMENT DETAILS

From time to time, some of the information in the PDS about the investment options may change. This includes details such as their:

- investment objective
- investment approach and
- investment guidelines (eg asset allocation ranges).

Visit our website for up-to-date investment option information, together with the latest available investment performance details. Alternatively, such information may be accessed by contacting us.

BUY/SELL SPREADS

We will not increase fees or charges without providing you with 30 days' written notice except in respect of government fees and charges. Transaction costs are normally reviewed at least annually. This review may result in changes to the buy/sell spreads on various investment options.

The current buy/sell spreads as at October 2014 are as follows.

INVESTMENT OPTION	BUY/SELL SPREAD
Australian Share	0.30%/0.00%
Industrial Share	0.30%/0.00%
International Share	0.50%/0.00%
Balanced Growth	0.34%/0.00%
Smaller Companies Share	0.30%/0.00%

Visit our website (or contact us) for details of the current buy/sell spreads at any time.

INVESTMENT OPTION DETAILS

INVESTMENT OPTION NAME	AUSTRALIAN SHARE			INDUSTRIAL SHARE		
Investment objective	Aims to provide long-term capital growth and income through investment in quality industrial and resource shares.			Aims to provide long-term capital growth and income through investment in quality Australian industrial shares.		
Risk level ¹	7 – Very high			7 – Very high		
Investment guidelines	Australian shares ²	90-100%		Australian shares	90-100%	
	Cash	0-10%		Cash	0-10%	
Commencement date	June 2000			July 1995		
Option size as at 30 June 2014	\$11.0 million			\$116.9 million		
Historical management cost for year ended 30 June 2014	1.000%			1.000%		
Investment performance (net earnings) % pa	Year ended 30 June		Tax Paid	Year ended 30 June		Tax Paid
(see page 3 for further information)	2012		-2.2%	2012		4.5%
	2013		25.9%	2013		29.4%
	2014		18.6%	2014		18.4%
	Compound average returns to 30 June 2014			Compound average returns to 30 June 2014		
	3 years		13.5%	3 years		17.0%
	5 years		14.4%	5 years		14.6%
	10 years		11.4%	10 years		10.1%
	Since inception		11.5%	Since inception		12.5%
Asset allocations	As at 30 June	2013	2014	As at 30 June	2013	2014
	Australian shares	95%	92%	Australian shares	97%	94%
	Other shares	3%	2%	Cash	3%	6%
	Cash	2%	6%			

INVESTMENT OPTION NAME	INTERNATIONAL SHARE			BALANCED GROWTH		
Investment objective	Aims to provide long-term capital growth through investment in international shares.			Aims to provide long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments.		
Risk level ¹	6 – High			6 – High		
Investment guidelines	International shares	90-100%		Australian shares ³	10-50%	
	Cash	0-10%		International shares	10-50%	
				Property	0-15%	
				Fixed income	0-35%	
				Cash and enhanced cash ⁴	0-30%	
				Other investments ⁵	0-30%	
Commencement date	December 1996			August 1998		
Option size as at 30 June 2014	\$14.5 million			\$12.7 million		
Historical management cost for year ended 30 June 2014	1.236%			1.050%		
Investment performance (net earnings) % pa	Year ended 30 June		Tax Paid	Year ended 30 June		Tax Paid
(see page 3 for further information)	2012		-0.2%	2012		2.3%
	2013		27.5%	2013		19.2%
	2014		14.3%	2014		13.8%
	Compound average returns to 30 June 2014			Compound average returns to 30 June 2014		
	3 years		13.3%	3 years		11.6%
	5 years		7.9%	5 years		10.6%
	10 years		4.7%	10 years		7.2%
	Since inception		4.7%	Since inception		7.3%
Asset allocations	As at 30 June	2013	2014	As at 30 June	2013	2014
	International shares	96%	97%	Australian shares	25%	31%
	Cash	4%	3%	International shares	21%	28%
				Property	0%	3%
				Fixed income	12%	18%
				Cash and enhanced cash	18%	5%
				Other investments	24%	15%

INVESTMENT OPTION NAME	SMALLER COMPANIES SHARE (CLOSED)		
Investment objective	Aims to provide long-term capital growth and income through investment in quality Australian industrial and resource shares and other securities which, when first acquired, do not rank in the S&P/ASX 50 Index.		
Risk level¹	7 – Very high		
Investment guidelines	Australian smaller company shares	80-100%	
	Cash	0-20%	
Commencement date	June 1998		
Option size as at 30 June 2014	\$12.0 million		
Historical management cost for year ended 30 June 2014	1.260%		
Investment performance (net earnings) % pa (see page 3 for further information)	Year ended	Tax Paid	
	30 June		
	2012	-8.3%	
	2013	18.1%	
	2014	24.1%	
	Compound average returns to 30 June 2014		
	3 years	10.3%	
	5 years	15.7%	
	10 years	10.9%	
	Since inception	14.1%	
Asset allocations	As at 30 June	2013	2014
	Australian shares	95%	96%
	Cash	5%	4%

1 The risk level represents the Standard Risk Measure (SRM), which is based on industry guidance to allow fund members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period, as follows.

RISK BAND	RISK LABEL	ESTIMATED NUMBER OF NEGATIVE ANNUAL RETURNS OVER ANY 20 YEAR PERIOD
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of the negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Fund members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

The SRMs for the investment options may change over time for various reasons, including as a result of reviews of the underlying capital market assumptions that are used in their calculation and future changes to asset allocations by the investment manager. Current SRMs at any time are available at our website.

2 The underlying fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange but may have up to 20% exposure to shares listed on or proposed to be listed on any recognised global exchange. Currency hedges may be used from time to time.

3 The underlying fund may gain its exposure to Australian shares by investing in one or more underlying Australian share funds. Where the underlying fund invests in the Perpetual Australian Share Fund, that underlying fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange but may have up to 20% exposure to shares listed on or proposed to be listed on any recognised global exchange. The investment guidelines showing the investment option's maximum investment in international shares do not include this potential additional exposure. Underlying Australian share funds may use short positions as part of their investment strategy. Currency hedges may be used from time to time.

4 Cash investments include discount securities (eg bank bills), short-term deposits and money market funds which may invest in fixed income instruments and loans. Cash provides a relatively consistent rate of return in the form of regular interest payments, generally in line with short-term interest rates and is widely considered the lowest investment risk.

Enhanced cash investments include cash investments, fixed income instruments, hybrids, loans and other income generating securities. The maturity dates of investments are typically longer than cash and they may have a lower credit rating than those in a money market fund, however, they are usually managed to short interest rate exposures. This underlying fund may invest in enhanced cash funds that allow gearing.

5 Perpetual may allocate up to 30% of the underlying fund's portfolio to other assets, which may include infrastructure, mortgages (including mezzanine mortgages) and alternative investments such as private equity, opportunistic property, absolute return funds, specialist credit, commodities and diversified beta funds. The additional exposure to other assets enhances the underlying fund's diversification and may help reduce volatility.

UNDERLYING INVESTMENTS

The following table provides details of the PST's underlying investments in unlisted managed investment schemes that had a value in excess of 5% of the PST's total assets as at 30 June 2014.

UNDERLYING INVESTMENTS	VALUE OF INVESTMENT (\$M)	PERCENTAGE OF TOTAL PST ASSETS
Perpetual Industrial Share Fund	\$92.998	54.09%
Perpetual Balanced Growth Fund No.2	\$12.234	7.12%
Perpetual International Share Fund	\$15.075	8.77%
Perpetual Australian Share Fund	\$9.749	5.67%
Perpetual Wholesale Smaller Companies Fund	\$10.155	5.91%
Sub-total	\$140.212	81.56%
All other	\$31.709	18.44%
Total PST assets	\$171.921	100.00%

TRUST AND OTHER INFORMATION

THE PST

The PST is a pooled superannuation trust under SIS. The Trustee operates, and intends to continue to operate, the PST as a complying pooled superannuation trust.

TRUST DEED

The Trust Deed dated 21 June 1995 (as amended) is a legal document that sets out the provisions governing the operation of the PST and the rights and obligations of unitholders and the Trustee. The Trustee is responsible for ensuring that the PST operates according to the Trust Deed and that the PST complies with all relevant laws.

Unitholders may inspect the Trust Deed at any time by arrangement with us.

INQUIRIES AND COMPLAINTS

The Trustee has established procedures for dealing with unitholder inquiries and complaints. If you have an inquiry or a complaint, you can either call us on 1800 022 033 during business hours (Sydney time) or write to:

The Manager, Service & Operations
Perpetual Investments
GPO Box 4171
Sydney NSW 2001

We'll acknowledge any complaint in writing within five business days and make every effort to resolve your issue within 30 days of us being notified.

If a complaint remains unresolved after 45 days you may refer it to the Financial Ombudsman Service (FOS) of which we are a member. FOS is an external dispute resolution scheme that provides assistance to consumers to help resolve complaints relating to financial service providers. Contact details for FOS are as follows:

Address: GPO Box 3
Melbourne VIC 3001
Phone: 1300 78 08 08
Website: www.fos.org.au

ABRIDGED FINANCIAL INFORMATION

The general purpose financial report for the PST has been prepared in accordance with the requirements of the Trust Deed, Australian Accounting Standards, SIS and other relevant legislative requirements. The general purpose financial report for the PST also complies with the International Financial Reporting Standard (IFRS).

Abridged financial statements are provided in Appendix 1 for the information of unitholders. Copies of the full audited financial statements and auditor's report are available upon request.

ALLOCATION OF INVESTMENT EARNINGS

All income, including realised and unrealised capital gains, losses and expenses are brought to account for each investment option and are fully reflected in the unit price of that investment option. Provision for income tax, as appropriate, is allowed for in the unit price for each investment option.

INTEREST EARNED ON APPLICATION AND WITHDRAWAL ACCOUNTS

Application money and proceeds of withdrawal requests are held in trust accounts before they're processed. A member of the Perpetual Group retains any interest earned on these accounts.

SUSPENSION OF APPLICATIONS, SWITCHES AND WITHDRAWALS

In certain emergency situations which impact on the effective and efficient operation of a market for an asset held by an investment option or in circumstances where we otherwise consider it to be in the interests of investors, we may choose to suspend the processing of all applications, switches or withdrawals for that investment option. This may include situations where:

- we cannot properly ascertain the value of an asset held by the investment option
- an event occurs that results in Perpetual not being able to reasonably acquire or dispose of assets held by the investment option
- an underlying fund suspends applications and withdrawals
- the law otherwise permits us to delay or restrict processing applications or withdrawals.

Applications, withdrawals or switch requests received during the suspension will be processed using the entry and/or exit price applicable when the suspension is lifted.

In addition, the Trustee can suspend the payment of a withdrawal for up to 30 days from the date the withdrawal notice was received if the Trustee considers it appropriate.

APPENDIX 1: ABRIDGED FINANCIAL STATEMENTS

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$000	2013 \$000
Investment income		
Distributions	34,300	8,162
Net changes in fair value of investments	(4,737)	35,484
Interest	-	11
Other income	1,428	1,297
Total investment income	30,991	44,954
Expenses		
Other expenses	16	29
Total expenses	16	29
(Loss)/profit from operating activities before income tax	30,975	44,925
Income tax (benefit)/expense	1,407	2,337
Net (loss)/profit after income tax / change in net assets attributable to unitholders	29,568	42,588

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	2014 \$000	2013 \$000
Assets		
Financial assets at fair value through profit or loss	140,212	179,919
Distributions receivable	31,461	4,549
Current tax assets	-	917
Other receivables	248	296
Total assets	171,921	185,681
Liabilities		
Balances due to brokers	130	184
Current tax liabilities	2,944	-
Deferred tax liabilities	1,729	3,265
Total liabilities	4,803	3,449
Net assets	167,118	182,232

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