



Another strong year of returns for Virgin Super

# Important Information

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**Virgin Super (your Super Fund):** Virgin Superannuation ABN 88 436 608 094.

**Virgin Money (the Promoter):**

Virgin Money Financial Services Pty Ltd

ABN 51 113 285 395 AFSL 286869.

Level 8, 126 Phillip Street, Sydney NSW 2000.

Virgin Money is a subsidiary of Bank of Queensland Limited ABN 32 009 656 740.

**Trustee (the Issuer & Trustee):**

Diversa Trustee Limited

ABN 49 006 421 638 AFSL 235153

RSE License L0000635.

Level 20, 357 Collins Street, Melbourne VIC 3000.

**Administrator:**

Mercer Outsourcing (Australia) Pty Ltd.

ABN 83 068 908 912, AFSL 411980.

GPO Box 4650, Melbourne, VIC 3001

T: 1300 652 770

**Investment Manager:**

Macquarie Investment Management Limited ABN 66 002 867 003 and Macquarie Investment and Management Australia Limited ABN 55 092 552 611, AFSL 238321 (collectively 'Macquarie').

Your 2016 Annual Report is for the 2015/2016 Financial Year and has been prepared by Virgin Money for the Trustee of Virgin Super. The Trustee is the issuer of this Report. You should read the Annual Report in conjunction with your Annual Member Benefit Statement which together forms your periodic statement.

Please note your Annual Report doesn't contain personal financial product advice. It contains general information that doesn't take account of your objectives, financial situation or needs so before making any decisions you may wish to consult a financial advisor having regard to your personal situation. You should also consider the current Virgin Super Product Disclosure Statement (PDS) which can be found on the website [virginmoney.com.au/super](http://virginmoney.com.au/super).

As the promoter of Virgin Super, Virgin Money will directly and through its agents (including the Virgin Super website [virginmoney.com.au](http://virginmoney.com.au)), provide general advice and arrange for customers to acquire products issued by Diversa Trustees Limited in its capacity as Trustee of Virgin Super. Virgin Money provides these services under its own Australian Financial Services Licence (AFSL) and not as representative of the Trustee. The Trustee does not accept responsibility for the advice and arranging services provided by Virgin Money under its own AFSL.

You should read the current Virgin Super PDS issued by the Trustee for details of product features, investment options, fees and costs before making any decision about Virgin Super. Neither Virgin Money, the Trustee or any related entities guarantee the return of your capital or the performance of Virgin Super or its investment options.

# Inside, the year that was

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# Why you and Virgin Super are good together

## A BIG YEAR FOR VIRGIN SUPER

### HIGHLIGHTS FROM THE YEAR

It has been a big year for Virgin Super with the Fund celebrating 10 years since its launch in July 2005. Over the 10 years since our launch, all Virgin Super options have outperformed the corresponding Retail Fund median<sup>1</sup>.

We also implemented the transition of our administration from Pillar Administration to Mercer Outsourcing Australia. The administrator transition is an important milestone for Virgin Super as it provides the foundation for some exciting improvements to Virgin Super which we will be announcing in Financial Year 16/17.

On the performance front, 2015/2016 was a solid year of performance, with the majority of our options outperforming the median Retail and Industry funds.

The performance of your Virgin Super account will depend on which portfolio and assets you're invested in. But there's good news for everyone with solid results across the full suite of Virgin Super portfolios, here are some highlights:

- Our LifeStage Tracker® options returned between 1.35% and 4.11% for the 12 months to 30 June 2016.
- Our Create Your Own options returned between 0.04% and 19.04% for the 12 months to 30 June 2016.

## VIRGIN SUPER ESSENTIALS & VIRGIN SUPER PLUS

Virgin Super takes the complexity and confusion out of choosing a super solution that's right for you. Choose from two options:

- **Virgin Super Essentials** (our MySuper product offering) – leave the hard work to us with our pre-mixed LifeStage Tracker® – Balanced investment option. It automatically adjusts your risk profile as you get older; or
- **Virgin Super Plus** – for those who'd like more control, select your own investment portfolio from our menu of investment options.

Both Virgin Super Essentials and Virgin Super Plus have won SuperRatings Silver rating<sup>^</sup> in 2016.

<sup>1</sup> Source: The median results are provided by SuperRatings and are current as at 30 June 2016 as a benchmark only. Virgin Super has not verified its accuracy so we can't guarantee that it is correct, and accept no liability for inaccuracies, errors or omissions.

<sup>^</sup> SuperRatings award reflects a funds' value for money, and is awarded based on a rating system of investment, fees and service. SuperRatings does not issue, sell, guarantee or underwrite this product. Go to [www.superratings.com.au](http://www.superratings.com.au) for details of its ratings criteria.

# How your super is invested

## INVESTING THAT TRACKS THE INDEX

In terms of the bigger picture on superannuation investing, there are two key strategies that funds use – index tracking and active fund management. Our investment options use index tracking.

Index tracking is designed to mirror the performance of a share or bond index by investing in a percentage of stocks or bonds on a particular index to closely replicate the performance of that index – so instead of trying to outperform the market like active managers, our options track (or follow) the market instead.

This strategy has a proven history of long-term performance in all the major asset classes. This is because few active managers have been able to consistently sustain above-benchmark returns after costs over the long term.

Tracking the index has another cost benefit – because the typical index fund is not actively managed, we're not paying the wages of active fund managers, our costs are lower than average management costs for actively managed funds, which means you are more likely to pay less fees.

## VIRGIN SUPER ESSENTIALS

- Our LifeStage Tracker® investment options provide the potential for long-term stability by adjusting your exposure to risk at four key life stages – under 40s, 40s, 50s, over 60s.
- With Virgin Super Essentials your investment option is called **LifeStage Tracker® – Balanced**. Our balanced mix is for people who want mid to long-term growth while maintaining risk at a moderate level. It's made up of an investment mix that targets moderate returns – Cash & Fixed Interest, Listed Property, Australian and International Shares.

## VIRGIN SUPER PLUS

- Virgin Super Plus provides our members with more investment options and greater flexibility to mix and match their asset allocation to suit their risk profile. Options include **LifeStage Tracker® – Balanced** and **LifeStage Tracker® – Aggressive** (our pre-set investment options) or you can choose from our **Asset Classes** (Australian Equities, International Equities, Listed Property or Defensive). Members are also able to change their asset allocation and investment mix as many times as they like.

To see the investment option you are currently in, login to your account at [virginmoney.com.au](http://virginmoney.com.au), call us on 1300 652 770 or read your 2015/2016 Virgin Super Annual Statement. Your 2015/2016 Virgin Super Annual Statement shows your investment option as at 30 June 2016, so if you have made any changes since then go to the website or call us.

## YOUR RISK PROFILE

Your risk profile is a personal choice, but you could look at it in terms of age or life stage.

- At one end of the spectrum are workers nearing retirement with not much time left in the investment market. For these people risk is potentially tricky in that any losses incurred could be harder to recoup over a shorter timeframe.
- At the other end are the young ones with many years of work left in them. For these people risk could be less of an issue, as they've got more time to recover from share market fluctuations.

For more information about risk, read the current Virgin Super PDS.

# Important info on investment options

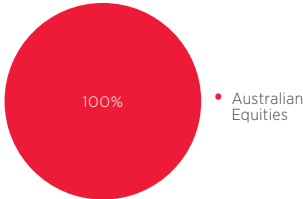
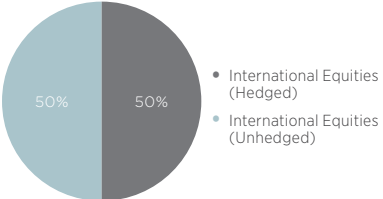

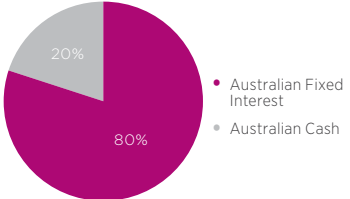
Investment characteristics – LifeStage Tracker® Balanced (LSTB) – Virgin Super Essentials and Virgin Super Plus				
	Under 40s mix	40s mix	50s mix	Over 60s mix
Applicable to	All LSTB members aged under 40	All LSTB members aged between 40 and 50 years	All LSTB members aged between 50 and 60 years	All LSTB members aged over 60 years
Investment objective	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 3.0% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 2.5% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 2% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 1% over rolling 10 year periods
Strategic asset allocation	<ul style="list-style-type: none"> <li>• Australian Equities (Hedged)</li> <li>• International Equities (Unhedged)</li> <li>• International Property</li> <li>• Australian Listed</li> <li>• Australian Fixed Interest</li> <li>• Australian Cash</li> </ul>	<ul style="list-style-type: none"> <li>• Australian Equities (Hedged)</li> <li>• International Equities (Unhedged)</li> <li>• International Property</li> <li>• Australian Listed</li> <li>• Australian Fixed Interest</li> <li>• Australian Cash</li> </ul>	<ul style="list-style-type: none"> <li>• Australian Equities (Hedged)</li> <li>• International Equities (Unhedged)</li> <li>• International Property</li> <li>• Australian Listed</li> <li>• Australian Fixed Interest</li> <li>• Australian Cash</li> </ul>	<ul style="list-style-type: none"> <li>• Australian Equities (Hedged)</li> <li>• International Equities (Unhedged)</li> <li>• International Property</li> <li>• Australian Listed</li> <li>• Australian Fixed Interest</li> <li>• Australian Cash</li> </ul>
Date of inception	5 July 2005	5 July 2005	5 July 2005	5 July 2005
Standard risk measure profile	Band 6: High Risk	Band 6: High Risk	Band 5: Medium to High Risk	Band 3: Low to Medium Risk
Probability of not achieving return objective	4 to less than 6 out of 20 years	4 to less than 6 out of 20 years	3 to less than 4 out of 20 years	1 to less than 2 out of 20 years
Estimated liquidity	High	High	High	High
Minimum suggested investment time period	7 years	5 years	4 years	2 years

The objectives shown above are not a promise or guarantee of any particular rate of return or benefit. Instead, the objectives are used by the Trustee to monitor the performance of Virgin Super's investments.

## Important info on investment options cont.

Investment characteristics – Lifestage Tracker® Aggressive (LSTA) – Virgin Super Plus only				
	Under 40s mix	40s mix	50s mix	Over 60s mix
Applicable to	All LSTA members aged under 40	All LSTA members aged between 40 and 50 years	All LSTA members aged between 50 and 60 years	All LSTA members aged 60 or more
Investment objective	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 3.5% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 3.0% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 2.5% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 2% over rolling 10 year periods
Strategic asset allocation	<ul style="list-style-type: none"> <li>Equities (Hedged)</li> <li>Australian Equities Equities (Unhedged)</li> <li>International</li> <li>International Property</li> </ul>	<ul style="list-style-type: none"> <li>Equities (Hedged)</li> <li>Australian Equities Equities (Unhedged)</li> <li>International</li> <li>International Property</li> <li>Australian Listed</li> <li>Australian Fixed Interest</li> <li>Australian Cash</li> </ul>	<ul style="list-style-type: none"> <li>Equities (Hedged)</li> <li>Australian Equities Equities (Unhedged)</li> <li>International</li> <li>International Property</li> <li>Australian Listed</li> <li>Australian Fixed Interest</li> <li>Australian Cash</li> </ul>	<ul style="list-style-type: none"> <li>Equities (Hedged)</li> <li>Australian Equities Equities (Unhedged)</li> <li>International</li> <li>International Property</li> <li>Australian Listed</li> <li>Australian Fixed Interest</li> <li>Australian Cash</li> </ul>
Date of inception	5 July 2005	5 July 2005	5 July 2005	5 July 2005
Standard risk measure profile	Band 6: High Risk	Band 6: High Risk	Band 6: High Risk	Band 5: Medium to High Risk
Probability of not achieving return objective	4 to less than 6 out of 20 years	4 to less than 6 out of 20 years	4 to less than 6 out of 20 years	3 to less than 4 out of 20 years
Estimated liquidity	High	High	High	High
Minimum suggested investment time period	7 years	5 years	5 years	4 years

## Important info on investment options cont.

Create Your Own – Virgin Super Plus only				
	Australian Equities	International Shares	Listed Property	Cash/Fixed Interest
Applicable to	All members that select a choice of investment strategy that includes an allocation to the Fund's Australian Equities Portfolio investment option	All members that select a choice of investment strategy that includes an allocation to the Fund's International Equities investment option	All members that select a choice of investment strategy that includes an allocation to the Fund's Australian Listed Property investment option	All members that select a choice of investment strategy that includes an allocation to the Fund's Australian Cash/Fixed Interest investment option
Investment objective	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 3.5% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 3.0% over rolling 10 year periods	Achieve returns (after fees and taxes) that exceed movements in the Consumer Price Index (CPI) by at least 3.5% over rolling 10 year periods	Achieve returns (after fees and taxes) that achieve movements in the Consumer Price Index (CPI) over rolling 10 year periods
Strategic asset allocation	 <p>100% • Australian Equities</p>	 <p>50% 50% • International Equities (Hedged) • International Equities (Unhedged)</p>	 <p>100% • Australian Listed Property</p>	 <p>20% 80% • Australian Fixed Interest • Australian Cash</p>
Date of inception	5 July 2005	5 July 2005	5 July 2005	5 July 2005
Standard risk measure profile	Band 6: High Risk	Band 6: High Risk	Band 6: High Risk	Band 3: Low to Medium Risk
Probability of not achieving return objective	4 to less than 6 out of 20 years	4 to less than 6 out of 20 years	4 to less than 6 out of 20 years	1 to less than 2 out of 20 years
Estimated liquidity	High	High	High	High
Minimum suggested investment time period	7 years	7 years	5 years	1 year



# 2015/2016 Market Review

Note: This information is based on market commentary provided by Macquarie Investment Management Limited (AFSL 237492) and is published in this report with its consent. It is very important to note it relates to investment markets generally and not this product or its investments specifically. It does not constitute financial advice and is of a general nature only without taking into account a person's individual circumstances or needs. Past performance is not indicative of future performance. The opinions, estimates and other forward looking statements are subject to various risks and uncertainties.

## CASH AND FIXED INTEREST

Global bond yields were generally range bound during April and May. This was due in part to the 'wait and see' approach adopted by central banks across the world which generally met market expectations as they continue to assess how the impact of actions taken in the first quarter would play out. The exception was the domestic bond market where the soft inflation release in late April drove the significant outperformance of Australian bonds. The release was weak across all measures, with headline inflation negative at -0.2% Quarter on Quarter (QoQ) (versus 0.2% QoQ expected) for the first time in 7 years, and the underlying annual inflation rate fell outside the Reserve Bank of Australia's (RBA's) 2-3% target band for the first time in 15 years.

The RBA responded immediately to the weak inflation in late April by cutting the cash rate by 25bps to a historical low of 1.75% at their May meeting. The accompanying statement from the RBA addressed the 'unexpectedly low' inflation in April, and cited that 'easing monetary policy at this time' was appropriate. Market pricing was finely balanced going into the decision and the subsequent strong rally in the domestic bond market post the decision indicated as much. Following on from the reduction in the cash rate, the release of the RBA's Statement on Monetary Policy indicated that inflation is not expected to return to the RBA's target band until 2018 and prompted further outperformance from the domestic

bond market in late May. The most notable event offshore during May was the release of the minutes from the Federal Open Market Committee (FOMC) which explicitly addressed the possibility of raising rates in the coming months and affirmed the prior hawkish rhetoric from both voting and non-voting US Federal Reserve (Fed) members. This drove the market to rapidly reprice the likelihood of a hike during June or July, and in turn drove the underperformance of shorter-dated US Treasury bonds versus longer-dated maturities.

Market focus shifted in early June to the UK referendum and the likelihood that the UK would leave the European Union (EU). Leading into the vote, the market was priced for a 'remain' vote and the surprise 'leave' result sparked significant volatility within all financial market asset classes, including bond markets where yields fell to new historical lows in many countries. Benchmark 10 year US Treasury bonds and Australian Commonwealth Government Bonds (ACGBs) fell over 30bps on the day of the 'Brexit' vote. Uncertainty regarding the path forward for the UK prevailed as at quarter end, highlighted by the immediate downgrade of the UK by S&P to AA, the resignation of Prime Minister David Cameron and Bank of England Governor Mark Carney indicated that a rate cut during the European summer would be likely. The significant miss of the US nonfarm payrolls report in June (38k versus 160k forecasted) dispelled the prospects of a hike by the Fed that had been raised in the May FOMC minutes. Market forecasts for rate hikes from the

## 2015/2016 Market Review cont.

FOMC were pushed out from late 2016 to mid-2018. Benchmark 10 year ACGBs and 10 year US Treasury bonds fell 51bps and 30bps during the quarter to close at 1.98% and 1.47% respectively. Issuance from the Australian Office of Financial Management (AOFM) was robust over the period with over \$25bn of ACGBs issued.

### AUSTRALIAN LISTED PROPERTY

The S&P/ASX 200 Property Accumulation index advanced 9.25% in the June quarter, following the 6.44% advance in the March quarter. This compares favourably with the broader equity market, with the S&P/ASX 200 Accumulation index rising 3.94% for the quarter. Global markets were mixed over the June quarter, with the S&P500 advancing 1.90% for the quarter and the Euro Stoxx 50 falling 2.38%. Trusts performed well as the 10yr bond rate, which has historically been a key driver of property performance, fell from 2.48% to 2.00% over the quarter.

The significant macro news came towards the end of the quarter as Brexit triggered a major sell off in equities. The majority of the polling in the lead-up to the referendum pointed towards a comfortable win for the 'Remain' camp. However, the result of the vote was contrary to expectations which caused a surge in financial market volatility. Equity markets around the world sold off heavily in the first two trading days following the result, however subsequently rebounded in the last few days of the month. Immediately following the vote, Prime Minister David Cameron announced that he would step down and as a result would not invoke Article 50 of the Lisbon Treaty (which is a formal notification of the UK's intention to leave the EU).

Domestic economic data finished the quarter broadly stronger. Of particular note was the surprisingly strong 1Q16 GDP outcome, which showed Australia's economy grew by 3.1%YoY. Stronger than expected economic growth helped to scupper prospects for a June RBA rate cut, and contributed to a lift in the A\$ to the US\$0.74-0.75 range, unwinding the post May rate cut depreciation. In commodities markets, most metals saw strong gains during the June quarter. Gold rose 7.31% driven by the uncertainty in the market surrounding Brexit as well as the Fed's actions over the coming months. Brent oil increased during the June quarter, rising 24.6% to USD49.76/bbl.

The unknown impact of Brexit as well as the divergence among global central bank policies will continue to create uncertainty in the macroeconomic environment. On the domestic front, the lack of definitive election outcome is likely to dampen perceptions of Australia's 'safe haven' potential in a volatile post-Brexit world, and add to lingering concerns around the potential for a credit rating downgrade.

### AUSTRALIAN EQUITIES

The S&P/ASX 300 Accumulation Index performed strongly during the June quarter, finishing up 3.98%. The Australian equities market outperformed most of its developed market peers over the quarter, with gains underpinned by a resurgent mining sector.

The market rallied strongly in April, fuelled by an increase in commodity prices. In particular, Iron Ore and Oil performed well. However, commodity prices proved to be volatile, with Iron Ore giving back much of the previous month's gains in May. Despite this, the

## 2015/2016 Market Review cont.

market continued on an upward trajectory, buoyed by the decision from the Reserve Bank of Australia (RBA) to cut interest rates by 25 basis points. The decision followed the release of inflation data over the quarter that was surprisingly low.

The end of the quarter was dominated by news of Brexit, with the UK Prime Minister David Cameron resigning following the shock result. Financial markets were also wrong footed and global equities fell sharply. The Australian market was not immune, also falling in June. Surprisingly, the FTSE 100 actually rose 5.3%, buoyed by the collapse in the GBP and speculation that the result would trigger greater monetary easing from the Bank of England (BOE).

Commodity prices once again showed surprising strength in June despite the surge in commodity price volatility. Iron ore rose again over the month. Gold performed strongly, driven by the increased uncertainty in the market surrounding Brexit and the Fed's actions over the coming months. By quarter end, Resources, Materials and Healthcare all finished up with strong returns in the Australian market. Consumer Staples and Banks both underperformed, falling short of a positive return.

Australian economic data was mixed across the quarter. The RBA released a statement following the decision to lower the cash rate by 25 basis points to 1.75%, suggesting a weaker outlook for the labour market and growth. Inflation data was significantly weaker than expected, with both core and headline inflation below the RBA's target range. Business confidence also fell over the quarter. However, business conditions improved, indicating firmer domestic demand.

Consumer confidence also increased over the quarter, despite the uncertainty created by the impending double dissolution election in Australia on 2 July 2016.

In Australian company news, financial companies with exposure to the UK endured a sharp sell-off following the UK referendum on EU membership. Despite this, Australia's overall corporate exposure to the UK is relatively low, with only 11 companies generating substantial revenues (over 10%) from the UK. Rio Tinto, BHP Billiton and Vale added fuel to a surging iron ore price following their decision to scale back Iron Ore production. However the recovery in the Iron Ore price came too late for Arrium, which was placed into voluntary administration. Mayne Pharma Group was also in the spotlight, announcing an agreement to acquire 37 approved and 5 FDA filed products from Teva Pharmaceutical Industries.

### INTERNATIONAL EQUITIES

The MSCI World Ex Australia Index was up +4.3% this quarter in Australian dollar terms.

Global markets continued to be volatile following a tough first quarter. Markets recovered strongly from the start-of-the-year slump only to be battered again after the UK surprised markets by voting to leave the European Union. The vote sent the GBP down 8% against USD on result day. UK Prime Minister David Cameron resigned after the result, citing the need for a new leadership to spearhead negotiations with the EU on conditions of an exit. The extent of the collateral damage on the global economy is unlikely to be known for a few months.

## 2015/2016 Market Review cont.

In an otherwise uneventful quarter in terms of economic news, Europe was embroiled in more political instability. In the other vote in Europe, Spanish voters have delivered a hung parliament for the second time in six months, with the caretaker government People's Party again emerged with the biggest bloc of seats but failing to secure a majority. The market has now turned attention to banks in weaker European states such as Italy on fear of rising bad debt.

US Q1 GDP was revised up to +1.1% year on year (y/y) (from +0.8%). However, the revision was largely driven by a less negative business investment estimate (-4.5% y/y vs. -6.2%). Consistent with weak demand, May durable goods order fell 2.2%, with declines in all major top-level categories. The latest round of quarterly earnings in the US was dominated by high profile misses for tech giants – Apple, Microsoft, Google all missed their consensus estimates even though companies in the S&P 500 have beat consensus by 3.5%, on average. However, on a quarterly earnings growth basis, the picture is a lot gloomier with average growth of -7% y/y.

Similar upward revisions to Q1 GDP were made for Japan, up +1.9% y/y from +1.7%. Business investment was also revised up from -5.3% to -2.6% y/y. Real wage growth slowed to +1.1% y/y in Q1, while May industrial production unexpectedly declined to -2.3% m/m. The Yen jumped 3.9% against USD and 12.9% against GBP on 24th June as investors seek safe haven assets following results of the UK referendum. Strong demand for the Yen has pushed yield on 20-Year Japanese Government bond into negative territory.



## More investment information

### DERIVATIVES AND THEIR USE

While the Trustee doesn't directly invest in derivatives, the managers of the underlying investments may use derivatives indirectly as a hedging device to help protect the value of assets against a significant decline in investment markets.

(Derivatives are a type of security that derive their value from other security types, like futures and options. They're often used to increase returns while minimising the risk of losing money.)

### HOW WE VALUE YOUR SUPER AND PASS ON INVESTMENT EARNINGS

When you invest in Virgin Super, you don't buy actual assets – instead, you are allocated units in the investment option your money goes into.

Your account balance is calculated by multiplying the number of units you have by the applicable unit price (at any particular time). Your account balance will reflect that unit prices may fluctuate from day to day based on the value of underlying investments after taking into account any investment earnings and relevant fees, costs and taxes. Each investment option has a different unit price, because they grow at different rates. Unit prices may fall as well as rise and in this way investment earnings (negative or positive) are passed on to members.

There is a difference between the unit price we use when you put money into an investment option and the one we use when you take money out, this is called a buy/sell spread. Unit prices are usually

^A Buy price applies when acquiring units (for example, when you join the Fund or switch into a new investment option). A Sell price applies when selling units (for example, when you leave the Fund or switch out of an investment option). Buy/sell spreads can change from time to time.

calculated daily, based on the latest available market price at the end of each business day. The unit price is normally calculated the next business day.

(For more information on buy/sell spreads^, read the current Virgin Super PDS.)

### HOW THE FUND WAS INVESTED AT 30 JUNE 2016

	30-Jun-16	30-Jun-15
Macquarie Treasury Fund	\$21,281,920	\$20,807,414
Macquarie True Index Australian Fixed Interest Fund	\$88,538,136	\$83,069,723
Macquarie True Index Listed Property Fund	\$52,148,947	\$42,338,320
Macquarie International Index Equity Fund (Unhedged)	\$83,647,495	\$87,527,683
Macquarie International Index Equity Fund (Hedged)	\$70,928,989	\$76,618,359
Macquarie True Index Australian Equity Fund	\$214,451,043	\$219,336,503
Cash and short term deposits	\$15,587,524	\$17,348,663
<b>Total</b>	<b>\$546,584,054</b>	<b>\$547,046,665</b>

Note: Macquarie True Index Australian Fixed Interest Fund, Macquarie True Index Listed Property Fund, Macquarie International Index Equity Fund (Unhedged), Macquarie International Index Equity Fund (Hedged) and Macquarie True Index Australian Equity Fund each represented more than 5% of the Fund's total assets.

# Performance to 30 June 2016

	Net Earnings*				
LifeStage Tracker® - Balanced	1 Year (% pa)	3 Year (% pa)	5 Year (% pa)	10 Year (% pa)	Compound average since Inception^ (% pa)
Under 40's (85% Growth)	2.74	8.34	8.15	5.20	5.82
40's mix (70% Growth)	3.36	7.63	7.55	5.10	5.56
50's mix (50% Growth)	4.11	6.56	6.63	4.91	5.17
60's mix (20% Growth)	4.07	5.05	5.15	4.50	4.47

	Net Earnings*				
LifeStage Tracker® - Aggressive	1 Year (% pa)	3 Year (% pa)	5 Year (% pa)	10 Year (% pa)	Compound average since Inception^ (% pa)
Under 40's (100% Growth)	1.35	8.36	8.06	5.11	5.94
40's mix (85% Growth)	2.74	8.34	8.15	5.20	5.82
50's mix (70% Growth)	3.36	7.63	7.55	5.10	5.56
60's mix (50% Growth)	4.11	6.56	6.63	4.91	5.17

	Net Earnings*				
Create Your Own Portfolios	1 Year (% pa)	3 Year (% pa)	5 Year (% pa)	10 Year (% pa)	Compound average since Inception^ (% pa)
Australian shares^	2.30	6.96	6.46	4.86	5.86
International shares^	0.04	10.72	11.07	5.48	5.95
Cash & fixed interest^	4.10	3.80	4.04	4.37	4.14
Listed property^	19.04	14.60	14.14	4.48	4.95

Source: Atchison Consultants, 30 June 2016. Past performance is not an indicator of future performance.

## IN CASE YOU DIDN'T KNOW

Past performance is not a guarantee of future returns. All investments carry some risk and performance may vary from time to time.

Source: Atchison Consultants, 30 June 2016. Past performance is not an indicator of future performance.

\* Net earnings: Directly relates to the investment performance of each investment option based on unit price movements, after relevant fees, costs and taxes have been deducted (see the current Product Disclosure Statement for more information). The rate of net earnings applicable to your investment option(s) is the basis for the amount of money added to your account (if rates of return have been positive) or subtracted from your account (if rates of return have been negative). The amount allocated to your account is also influenced by things such as when you joined the Fund, when you made contributions or withdrawals or if you switched investment options.

^ In case you didn't know, "since Inception" refers to the earliest date that Virgin Super began investing into each investment portfolio. For Life Stage Tracker® and Create Your Own options, inception date is 5 July 2005.

A word about performance: The returns shown are the returns of the Fund's investment options, not the returns of your investment in the Fund that were actually allocated to your account. The returns of the Fund and the returns allocated to your account can be different for reasons including that:

- You were invested in one or more different investment options during the period; and
- The unit prices change daily, and so investment performance depends on the day you've invested and when your money moves in or out of your account.

A note from our legal team: This Performance Snapshot needs to be read in conjunction with your Annual Statement as it forms part of your member periodic statement. Prepared by Virgin Money Financial Services Pty Ltd ABN 51 113 285 395, AFSL 286869 for Diversa Trustee Limited ABN 49 006 421 638, AFSL 235153, RSE L0000635 as Trustee for Virgin Superannuation ABN 88 436 608 094. You should consider our Product Disclosure Statement which can be found on our website. Please note this information does not constitute personal financial product advice, and you may wish to consult your financial adviser before making a decision about whether Virgin Superannuation fits your objectives, financial situation and needs.

# Performance to 30 June 2016 *cont.*

## FUND RESERVES

The fund operates two Reserve Accounts:

### 1. Expense Reserve Account (ERA)

The ERA is an expense reserve used to fund strategic projects, regulatory projects and the Operational Risk Financial Requirement reserve.

### 2. Operational Risk Financial Requirement (ORFR)

The ORFR was established in 2013 to comply with the new Super regulations as a contingency reserve to protect the Fund for losses that might arise from operational risk events.

Funding for the ORFR comes from the ERA and is not a separate expense.

The Trustee reviews the appropriateness of the amount of the reserve and ensures that payments from the reserve are limited to those purposes for which the reserve was established. All reserve amounts are held in cash unless otherwise determined by the Trustee. The following movements occurred in the reserve over the period:

	2015 - 2016	2014 - 2015	2013 - 2014
<b>Expense Reserve Account</b>			
Opening Balance	\$270,287	\$892,598	\$9,390
Deposits	\$809,359	\$727,689	\$2,242,489
Withdrawals	-\$531,850	-\$300,000	\$1,078,342
Transfer to ORFR	-	-\$1,050,000	\$360,000
Closing Balance	\$547,796	\$270,287	\$892,598
<b>Operational Risk Financial Reserve</b>			
Opening Balance	\$1,493,408	\$443,973	\$0
Deposits	\$25,791	\$21,298	\$83,973
Withdrawals	-\$3,582	-\$21,863	\$360,000
Transfer from ERA	\$0	\$1,050,000	\$0
Closing Balance	\$1,515,617	\$1,493,408	\$443,973

# Key fund information

## DEDUCTION OF TAX FROM CONTRIBUTIONS

**Contributions Tax** is deducted from your taxable contributions (eg. employer contributions), put into an account and forwarded to the ATO once a month (we call this the 'Tax Provision').

The Trustee has determined that the interest accrued on this account be used to pay certain extraordinary fund expenses, such as the cost of upgrading administration systems to ensure they comply with legislative change.

In the future, the Trustee may determine to use any remaining interest on this account to reimburse certain expenses, properly incurred by the Trustee, in the administration and management of the Fund.

**Superannuation Surcharge Tax** (where applicable) may also apply to some members. While the superannuation surcharge was abolished with effect from 1 July 2005, the ATO may still issue assessments in relation to previous years. Any assessments received in relation to individual members of Virgin Super are paid to the ATO by deducting the surcharge amount from the relevant member's account balance.

## THE TRUSTEE

The Trustee is Diversa Trustees Limited (ABN 49 006 421 638, AFSL No 235153, RSE L0000635) (the Trustee).

The Directors of the Trustee as of 30 June 2016 were:

Mark Ceviche (Chairman), Murray Jones, Vincent Parrott, Andrew de Vries and Luke Barrett.

It's the Trustee's job to keep Virgin Super running smoothly and working the best it can for you so that Virgin Super remains compliant under super and other relevant laws. The Trustee is also responsible for the issue of this Annual Report. The Trustee has engaged various service providers to assist with the management and operation of the Fund, and the issue of this report.

## THE TRUSTEE'S INSURANCE

Should any claims be made against the Fund, the Trustee has taken out professional indemnity insurance. This protects the directors and the Fund from any liabilities that might arise subject to the terms of the insurance policy. Like most insurance, not all claims are covered.

## LOST MEMBER, A DEFINITION

You're classed as a lost member if we:

- receive one piece of unclaimed mail returned from your address, or
- have no details of your current address, or
- haven't received any contributions or rollovers for you in one year.

It's easy to become a lost member, but just as easy not to. If you're moving house please let us know by calling 1300 652 770 otherwise your benefits may be transferred to the Tax Office or our nominated eligible rollover fund.



## Key fund information cont.

### THE ELIGIBLE ROLLOVER FUND (ERF)

Our nominated ERF is Super Money Eligible Rollover Fund. The ERF is the fund used should we decide to move a member's super money elsewhere. So, if we lose contact with you and your balance is less than \$2,000 (and you become a lost member) or your account balance falls below \$1,000 we may transfer your super into the ERF we've chosen unless we are required to pay your lost account to the Tax Office.

If it's the latter, we'll try to contact you first to see if you'd like to top up your account and stay with Virgin Super.

A few things happen if your super is transferred to the ERF:

- you stop being a member of Virgin Super
- the investments and fees are different to Virgin Super
- any insurance cover you have with Virgin Super will stop.
- you'll need to talk directly with the ERF about your super (see contact details below)

The Administrator

Super Money Eligible Rollover Fund (SMERF)

PO Box A2499

Sydney South NSW 1235

Tel 1800 144 380

Diversa Trustees Limited is also the trustee of SMERF and receives remuneration in this capacity.



## Key fund information cont.

### TEMPORARY RESIDENTS

If you enter Australia on a temporary visa you are entitled to receive your superannuation benefit once you leave Australia permanently and your visa has expired (except for certain visa sub-classes). This type of payment is known as a Departing Australia Superannuation Payment (DASP). Under Federal Government (Unclaimed Money) legislation, a former temporary resident's superannuation benefit must be paid to the Australian Taxation Office as unclaimed money where it has been at least six months since they have departed Australia and their visa has lapsed AND the Australian Taxation Office issues a notice to the Fund requesting the benefit be paid to the Australian Taxation Office. If this happens, you have a right, under the Government's legislation, to claim your super money directly from the Australian Taxation Office (subject to the applicable tax rates). For more information go to [www.ato.gov.au](http://www.ato.gov.au).

### HOW TO RESOLVE A COMPLAINT

As you'd expect, we're dedicated to providing the best service we can. If there comes a time that you're not happy, please write to us at the address below. We'll try to resolve your issue within one week and will write to you with the outcome. If the issue is complicated please allow up to 90 days to hear from us.

Resolutions Manager  
Virgin Super Resolution Manger  
GPO Box 4650  
Melbourne VIC 3001

If you make a complaint and you're not happy with the outcome or you don't hear from us in 90 days, you can contact the Superannuation Complaints Tribunal (SCT) at the address or on phone number listed below. (The SCT is an independent body set up by the Federal Government to help super members resolve their complaints.)

Superannuation Complaints Tribunal  
Locked Bag 3060, Melbourne VIC 3001  
T: 1300 884 114 | W: [sct.gov.au](http://sct.gov.au)

### HERE TO HELP

For general inquiries including information about investments, insurance and contribution options available to you or any other information about Virgin Super, refer to the current Virgin Super PDS, contact our Customer Care Team on 1300 652 770 or email us at [expert@virginuperannuation.com.au](mailto:expert@virginuperannuation.com.au).

If you are a former temporary resident whose superannuation benefits are transferred to the ATO as unclaimed money, you may not be notified of this or receive an exit statement after the transfer occurs. The Trustee will rely on relief provided by the Australian Securities & Investments Commission (ASIC) Class Order [CO 09/437] which says, in effect, that the trustee of a superannuation fund is not obliged to meet certain disclosure requirements in relation to non-residents that have ceased to hold an interest in the fund as a result of the payment of unclaimed superannuation to the Commissioner of Taxation. If you require any further information, contact the Administrator on 1800 336 911.

# Virgin Super's financials

The following tables contain the Fund's abridged financial information (based on audited accounts) which shows how financially healthy we were at 30 June 2016. If you would like a copy of our full audited accounts and auditor's report, they will be available on request from 1 November 2016 through our Customer Care Team on 1300 652 770.

Statement of net assets	30-Jun-16 (\$)	30-Jun-15 (\$)	Statement in changes in net assets	2016 (\$)	2015 (\$)
<b>Assets</b>			<b>Income</b>		
Investments	530,996,530	529,698,002	Trust Distribution Income	28,587,897	32,188,580
Cash Investments	12,892,942	14,017,996	Interest	270,243	59,844
Cash at Bank	2,694,582	3,330,667	Other Investment Income	470,137	73,427
Other Assets	22,233	11,980	Changes in Net Market Value of Assets	-11,441,913	17,823,267
Deferred Tax Assets	1,836,227	3,133,082	<b>Plus Contributions and Other Revenue</b>		
GST Receivable	137,572	90,983	Employer Contributions	42,261,011	45,170,855
<b>Total Assets</b>	<b>548,580,087</b>	<b>550,282,710</b>	Member Contributions	1,876,503	2,832,776
<b>Less Liabilities</b>			Transfers from other funds	5,918,030	9,119,245
Benefits Payable	857,432	827,287	Other Revenue	36,911	11,782
Accrued Expenses	701,444	458,181	Government Co-Contributions	85,228	126,152
Insurance Premiums Payable	173,417	173,056	Low Income Superannuation Contributions	574,290	616,558
Unsettled Transactions	576,573	386,713	Group Life Insurance Proceeds	412,881	719,223
Income Tax Payable	1,588,518	748,394	<b>Total Income</b>	<b>69,051,217</b>	<b>108,741,709</b>
Deferred Tax Liabilities	7,443,485	12,430,816	<b>Less Outgoings</b>		
<b>Total Liabilities</b>	<b>11,340,869</b>	<b>15,024,447</b>	Group life insurance premiums	2,165,137	2,231,096
<b>Net Asset Available to Pay Benefits at 30 June</b>	<b>537,239,218</b>	<b>535,258,263</b>	Administration fees	5,223,304	4,404,676
<b>Represented by: Liabilities for Accrued Benefits</b>			Trustee fees	1,024,342	784,178
Allocated to Members Accounts	522,901,975	522,497,696	Investment fees	387,708	666,929
Not yet allocated to members' accounts	12,273,829	10,996,872	Other expenses	93,098	389,427
Operational Risk Reserve	1,515,617	1,493,408	<b>Total Outgoings</b>	<b>8,893,589</b>	<b>8,476,306</b>
Expense Recovery Reserve	547,796	270,287	Benefits Accrued before Income Tax	60,157,628	100,265,403
<b>Total</b>	<b>537,239,218</b>	<b>535,258,263</b>	Less Income Tax Expenses	816,245	8,936,025
			<b>Benefits Accrued after Income Tax</b>	<b>59,341,384</b>	<b>91,329,378</b>



1300 652 770

[virginmoney.com.au/superannuation](http://virginmoney.com.au/superannuation)