

Your
Annual
Report

2019

This Russell Investments Master Trust Annual Report, as at 30 June 2019, include updates and performances for:

- iQ Super[™] by Russell Investments;
- iQ Retirement[™] by Russell Investments; and
- Term Allocated Pension.

The 2019 Annual Report is comprised of:

1. This document; and
2. The insert Your Super Plan (for iQ Super – Employer members only).

Recent industry recognition

We believe our products, services and approach to investing are among the best. But don't just take our word for it—our investment quality has been recognised and validated by the industry's top researchers.

2014 – 2019

For the sixth year in a row Russell Investments was chosen as *Money* magazine's 2019 Best of the Best Gold winner in the Multi-Sector Fund category.



2019

Russell Investments was also chosen the winner of *Money* Magazine's 2019 Best Fund Manager of the year.



2005 – 2019

In 2019, iQ Super – General and iQ Super – Saver were again awarded '5 Apples' by Chant West.¹



2007 – 2019

iQ Retirement² has been awarded Chant West's highest rating of '5 Apples' every year since its inception.¹



2019

iQ Super – General, iQ Super – Saver and iQ Super – Employer have been awarded 5 Heron Quality Stars in the Heron Quality Star Ratings 2019/20.



2019

iQ Super – Employer has been ranked as a Top Ten Corporate Product for its Insurance Features in the Heron Quality Star Ratings 2019/20.



¹ For further information about the methodology used by Chant West, see chantwest.com.au.

² Prior to 2015, this product was known as Russell Private Active Pension.

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Chairman's message

Welcome to the Russell Investments Master Trust 2018/19 Annual Report.



Giving you the best chance at a great life after work—it's our focus as we help take care of your super, investments and insurance needs. As the trustee of the Russell Investments Master Trust (the Fund), we're here to look after your best interests, providing you with the information, support and services that help you to make the decisions that are right for you and your future goals.

Strong returns from markets but not without volatility

The 2018/19 financial year ended on a positive note with all major asset classes producing strong absolute returns. However, volatility was at the forefront of equity markets as the majority of returns came in the second half of the year after the first half of the year endured multiple sell offs.

Australian real estate investment trusts led performance as investors sought higher-yield assets in the face of declining interest rates and falling bond yields. Australian and global shares also made strong gains as global central banks maintained their softer stances in the face of rising global growth fears and heightened geopolitical risks. Australian and global bonds delivered strong returns as investors favoured the traditionally defensive asset class in a volatile market.

All diversified investment options achieved positive returns across the one, three- and five-year periods to 30 June 2019. All diversified investment options were also ahead of their CPI+ objectives over the five-year period.

Although we expect late-cycle risks to rise further, we also expect the current US expansion to continue through 2019. We see global growth remaining modestly positive but remain alert to downside risks of further selloffs given uncertainty over US monetary policy and changes to global trade policies.

A warm welcome to our Nationwide Super members

It's with great pleasure that I welcome over 28,000 Nationwide Super members who joined the Fund on 1 December 2018. Our partnership with Nationwide Super—Australia's Small Business Super Business—marked an important milestone in the Fund's growing superannuation alliance model and increased our member base to over 93,000 and over \$9 billion in assets at 30 June 2019.

We are committed to supporting Nationwide Super enhance its offer of being a specialist superannuation service to small businesses. Together with the world-class investment expertise of Russell Investments, Nationwide Super can now make the most of the scale, value for money and the security that comes with being a part of the Russell Investments Master Trust.

As a Nationwide Super member, you now have access to our extensive investment menu, greater member support, different types of advice services to suit your personal circumstances, expanded education and communications, as well as the multi-award-winning To Do List. Our aim is to ensure that super is made simple, relevant and easy for you, so you can make confident decisions about your super and your life after work.

Positive member feedback

Putting your best interests first is key to our success and an important part of it is member feedback.

We're pleased to note almost 70% of members agree we make it easy for you to take action on your super. Feeling left out? Use our award-winning To Do List, which is available within your online account and is a great tool to work out what quick and easy actions you can take today to help achieve a great life after work. Also if you want access to your super 24/7, download the Russell Investments Super Mobile App (for iOS devices).

We also note that 62% of members say that they'd like to do more with their super and retirement planning but are not sure where to start. Additionally, with 56% of members wanting more opportunities to speak with someone face to face about their super, it's clear more and more members are looking for retirement planning opportunities.

If you feel the same way and are looking to retire in the next five years, it's time to consider having a Retire Ready meeting with a retirement consultant. These one-on-one meetings are about educating and supporting members (and partners are welcome) as you plan your retirement journey. Generally, topics covered include:

- any recent super changes and what these could mean
- age-based tax and super strategies that could boost savings before retirement
- contribution strategies, including transition to retirement rules
- retirement income options, including the Age Pension
- goals and next steps, and what we can do to help you make the ideal retirement lifestyle a reality.

Different types of financial advice to suit your needs

We believe in financial advice that is all about you, comes without surprises or jargon, and involves trusted and experienced experts, because we understand good advice can make a real difference in securing your financial future. As a member of the Russell Investments Master Trust, that's the kind of trustworthy financial advice you can expect.

We offer four types of advice:

1. **General advice:** Offered at no cost, it is a great way to find out more about your benefits, rates and rules, and investments related to your super. While it doesn't take your goals, personal/financial circumstances or retirement needs into account, it helps to get a general understanding of your current situation.
2. **Retire Ready consultations:** This is a face-to-face Retire Ready meeting with a Retirement Consultant, where you can receive general advice. These meetings, which are offered at no cost, are designed to give information and guidance to help you understand your options, as you approach retirement.
3. **Phone-based advice:** It's about getting targeted, personalised advice on how to maximise your super. Often offered at no cost to you, it is a great way to get a pre-retirement health check, or advice on transition to retirement, insurance, investment choice and/or contributions in super.
4. **Comprehensive advice:** This is personal financial planning, where you will receive advice that takes your full financial picture, including investments outside super, into account. Your first meeting is complimentary.

Federal Budget announcements

The 2019 pre-election Federal Budget saw the government pledge billions of dollars for tax cuts and infrastructure, with a small deficit of \$4.2 billion this financial year and the promise of a \$7.1 billion surplus in the next financial year.

While the superannuation-related announcements were quite limited, one of the key changes worth noting is the additional contribution flexibility for those over age 65. This includes:

- an increase in the age at which a 'work test' needs to be met before individuals can make voluntary contributions from 65 to 67 from 1 July 2020. This change aligns with the age pension eligibility age, which will increase to 67 from 1 July 2023.
- an increase in the age limit for spouse contributions from 69 to 74. Currently contributions cannot be made for a spouse aged 70 or over.
- an increase in the maximum age for the bring forward provision on non-concessional contributions from 65 to 67. The bring forward provision allows an individual to bring forward up to two future years of the non-concessional contribution cap, allowing a contribution of up to \$300,000 in one year.

Impact of the Protecting Your Super legislation on your super

One of the key announcements from the 2018/19 Federal Budget was the Protecting Your Super Package (PYSP). It is a comprehensive package of regulatory reforms designed to protect your super savings from undue erosion by fees and insurance premiums. The new rules came into effect on 1 July 2019. Here are the highlights.

If you have a super account balance of \$6,000 or less at 30 June each year or at the date you leave your super fund, your administration and investment fees will be capped at 3% p.a. of your account balance.

- You will not be charged an exit fee on leaving your super fund.
- If your super account has been 'inactive'³ for 16 months or more, we will have to cancel your insurance cover—unless you elect to maintain insurance cover.
- If your super account has been 'inactive'³ for 16 months or more and you have a super balance of \$6,000 or less, your super will automatically be transferred to the Australian Taxation Office (ATO).

Looking ahead

Our efforts are focused on simplifying super for you, empowering you to make smart super decisions and offering you support when you most need it. We're continuously working to improve your experience with us, and to make it easier than ever for you to grow and manage your super to achieve a great life after work.



Jim O'Connor
Chairman
Total Risk Management Pty Ltd

³ You can 'activate' your account with a contribution (from your employer, or a personal or other after-tax contribution), or by rolling over your other super or via a payment from the government like a co-contribution.

Markets update from our investment manager

For the year to 30 June 2019

- Global shares
- Australian shares
- Real estate investment trusts
- Bonds and cash
- Australian dollar
- Where to from here?

Global shares

Global share markets made good gains over the past 12 months, returning 6.6%⁴ in local currency terms. In unhedged Australian dollar (AUD) terms, stocks returned 11.9%⁵.

Share markets began the year well, rising on the back of some positive earnings results from the likes of Apple, Walmart, PepsiCo and Amazon.com; all of which beat analysts' expectations. Stocks also benefited from some positive European and Japanese earnings, an upward revision to already-strong June quarter US growth figures and some encouraging rhetoric from US Federal Reserve (Fed) chair Jerome Powell, who reiterated his optimism in the country's growth outlook. Sentiment was further boosted by some solid German and Japanese growth data and news the US had finally agreed a deal with Mexico to address key parts of the North American Free Trade Agreement. However, investors were made to exercise some caution as US-China trade frictions rose and concerns over Brexit negotiations mounted.

Share markets fell sharply in the December quarter, driven largely by a series of softer-than-expected European economic data and ongoing US-China trade uncertainty; though a truce between the two in early December did fuel hopes of a near-term resolution. Stocks were also impacted around this time by increasing fears over Brexit, the Fed's decision to raise interest rates again in December, and further evidence that growth in China was slowing; the latter suggesting the country's standoff with the US was beginning to bite. Sentiment was further impacted by softer manufacturing activity in the US and Europe, as well as further US political uncertainty, including the impasse between top democrats and President Donald Trump over funding for Trump's Mexico border wall; which ultimately led to a partial shutdown of the US government.

Optimism returned to share markets in the first quarter of 2019, thanks largely to promising US-China trade talks and some positive rhetoric from the Fed's Powell, who reaffirmed the bank's "patient" approach to interest rates. Share markets were also supported by another round of encouraging US earnings updates, some better-than-expected US jobs and consumer confidence data, and fresh stimulus measures in China. However, investors turned more cautious in March as fears global growth was slowing intensified after both the Fed and the European Central Bank (ECB) turned more dovish. The Fed, who only in January adopted a 'wait and see' approach to interest rates, went one step further in March and effectively ruled out any rate hikes this year, while the ECB pushed back their own guidance for rate increases. Compounding investors' growth concerns was a brief inversion of the US yield curve which has, in the past, signalled an impending recession.

Stocks finished the year on a positive note as global central banks maintained their dovish tilt in the face of rising global growth fears, falling bond yields and heightened geopolitical risks; notably an escalation in the war of words between Washington and Beijing. Both the Fed and the ECB signalled a willingness to adjust monetary policy to boost growth should it be needed, while the Reserve Bank of New Zealand and the Reserve Bank of Australia (RBA) went further and lowered their respective cash rates to record lows.

⁴ Global shares measured by the MSCI World ex Australia Net Accumulation Index in LC

⁵ Global shares measured by the MSCI World ex Australia Net Accumulation Index in AUD

Share markets also benefited from yet another round of encouraging US earnings results, further Chinese stimulus and late hopes that a meeting between Trump and Chinese president Xi Jinping at the G-20 Summit in Japan might lead to a resumption in trade talks. *[Note: Following their meeting, Trump and Xi announced that they had agreed to renew talks to resolve their trade dispute.]* At the regional level, stocks in China (9.0%⁶) and the US (8.2%⁷) posted some of the strongest gains for the year. Share markets in Europe (2.3%⁸) were also positive, while stocks in Japan (-4.6%⁹) and the UK (-2.8%¹⁰) struggled.

Australian shares

The Australian share market performed well over the period, with the S&P/ASX 300 Accumulation Index closing the year 11.4% higher. Much of the local market's gains came in the second half of the year, driven by an increasingly dovish RBA (and subsequent rate cut in June), and strong gains across the 'Big Four' banks and major miners. Stocks also benefited from the Coalition's surprise election win in May, an increase in domestic corporate activity and a dovish shift in Fed and ECB rhetoric. Limiting the advance were some mixed earnings results and disappointing growth data, with gross domestic product for the 12 months ended 31 March 2019 coming in at just 1.8%; the economy's worst yearly performance since the global financial crisis. Stocks were also impacted by renewed global growth concerns and ongoing geopolitical uncertainty.

At the sector level, communication services (30.9%), information technology (24.6%) and industrials (19.5%) posted the biggest gains over the period. Materials (18.0%) and property trusts (14.1%) were also stronger for the year, while energy (-6.1%) was the only sector to record a loss; the latter driven by a 21% decline in oil prices.

In terms of central bank activity, the RBA cut the official cash rate from 1.50% to a new low of just 1.25% in June. The widely anticipated move came after the Bank conceded stimulus was needed to combat softer employment, wages and inflation. In making its decision, the RBA acknowledged that there had been little further inroads into the spare capacity in the labour market and that recent inflation outcomes had been lower than expected, pointing to subdued inflationary pressures across much of the economy. The Bank concluded its June meeting by saying that a lower cash rate would help make further inroads into the spare capacity in the economy. The move was also expected to assist with faster progress in reducing unemployment and achieve more assured progress toward the inflation target. *[Note: The RBA went on to lower the cash rate to an all-time low of just 1.00% in early July.]*

At Russell Investments, we believe the RBA will keep interest rates on hold for a couple of months while it waits to see how economic data evolves; most notably labour market data. In saying that, any deterioration in near-term key economic data may see the Bank move sooner.

Real estate investment trusts

Australian real estate investment trusts (A-REITs) performed very well over the past 12 months, closing the period up 19.4%¹¹. Local property stocks gained as investors sought higher-yielding assets in the face of declining interest rates, with long-term domestic bond yields falling to record lows late in the year. A-REITs also benefited from ongoing corporate activity within the sector, as well as their traditionally defensive characteristics in the face of fresh global and domestic growth concerns and heightened geopolitical uncertainty. Global REITs (7.7%¹²) were also positive for the year. Like their Australian counterparts, global REITs benefited in large part from declining bond yields and the asset class's perceived 'safe haven' qualities.

Bonds and cash

Global bonds made good gains for the year, returning 7.2%¹³. Major long-term bond yields fell sharply over the period as investors favoured the asset class's traditionally defensive properties amid renewed global growth fears and heightened political and trade risks. Australian bonds outperformed their

⁶ Chinese shares measured by the Shanghai Shenzhen CSI 300 Index

⁷ US shares measured by the S&P 500 Index

⁸ European shares measured by the Dow Jones EuroStoxx 50 Index

⁹ Japanese shares measured by the TOPIX Index

¹⁰ UK shares measured by the FTSE 100 Index

¹¹ Australian REITs measured by the S&P/ASX 300 Property Accumulation Index

¹² Global REITs measured by the FTSE EPRA/NAREIT Developed Real Estate Index Net TRI (hedged to AUD)

¹³ Global bonds measured by the Barclays Global Aggregate Bond Index (hedged to AUD)

global counterparts over the year, gaining 9.6%¹⁴. The yield on domestic 10-year government debt fell 131 basis points over the period, hitting a series of record lows in the process. Like Australian shares, much of the domestic bond market's gains came in the second half of the year as the growth outlook softened and the RBA adopted a more dovish stance on interest rates. Meanwhile, both global and Australian credit markets strengthened over the year with spreads narrowing as investors, for the most part, adopted a 'risk on' mentality.

Cash returned 2.0%¹⁵ over the past 12 months, underperforming all the other major asset classes.

Australian dollar

The AUD closed the year lower, thanks to the RBA's decision to cut interest rates (and expectations for more to come), softer domestic growth and a further widening in the yield differential between Australian and US government debt. The currency was also impacted by lingering global trade and political uncertainties and some mixed domestic earnings results. Limiting the decline was a surge in iron ore prices, an uptick in local merger and acquisition activity and a strong, albeit short-lived, bounce in the wake of the Coalition's surprise election win.

The AUD fell 7.7% against the Japanese yen, 5.1% against the US dollar (USD), 2.7% against the euro and 1.8% against the British pound. Meanwhile, the broader Australian Trade-Weighted Index¹⁶ closed the period down 4.0%.

Where to from here?

Global markets have rallied in 2019, supported by central banks turning dovish and Chinese authorities announcing stronger-than-expected stimulus measures. However, yield curve inversion, trade war uncertainty and weakness in global macroeconomic data are pointing to elevated late-cycle risks. Whilst there's a case for lower US interest rates, further Chinese stimulus and a possible US-China trade deal to support another leg higher for risk assets, we remain cautious as we feel downside risks to equity markets outweigh the upside.

We have shifted to a small underweight view on global equities overall, driven by an underweight to the US where we believe valuations are expensive. In other major equity markets, we see Europe and Japan as fairly valued. Whilst emerging markets remain attractive from a value standpoint, tailwinds from Chinese stimulus and dovish global central banks have been countered by global trade uncertainty.

For fixed income assets, we're now forecasting the Fed to cut interest rates in July and September due to subdued inflation and downside risks to both US and global growth. However, we believe current market pricing of three to four rate cuts is too aggressive, unless the headwinds for the US economy intensify. Whilst we think all major bond markets are expensive, there is cycle support for bonds that's being driven by the dovish shift by global central banks and delayed inflation pressures. In credit markets, we believe high-yield debt is still expensive; though this is typical late in the cycle when profit growth slows and concerns over defaults rise.

In terms of currencies, we maintain a preference for the Japanese yen. We believe the yen is undervalued, has attractive 'safe haven' properties due to its strong, negative correlations with global equity returns, and is under-owned from a market positioning standpoint. We hold a neutral view on the USD, while the AUD is likely to continue to be impacted by monetary policy, commodity price movements and geopolitical risks involving China and other emerging markets.

Although we expect late-cycle risks to rise further, we nonetheless expect the current US expansion to continue through 2019. In saying that, we see increasing risks for a US recession in late 2020 or early 2021. Overall, we expect global growth to remain modestly positive. Whilst markets have rebounded impressively so far this year, we remain alert to downside risks of further selloffs given uncertainty over US monetary policy and changes to global trade policies.

¹⁴ Australian bonds measured by the Bloomberg AusBond Composite 0+ Year Index

¹⁵ Cash measured by the Bloomberg AusBond Bank Bill Index

¹⁶ The trade-weighted index for the AUD is an indicator of movements in the average value of the AUD against the currencies of our trading partners.

Your investment portfolios

Diversified Portfolios for iQ Super by Russell Investments

Defensive

Investment objective

To earn a return after costs and tax, exceeding CPI* by 2.0% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 30% and defensive investments around 70%. The Portfolio may be exposed to derivatives

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	12.0	14.5
International shares	15.1	15.2
Property	5.0	2.5
Fixed income	43.5	51.1
Australian cash	18.7	12.0
Infrastructure	3.8	3.9
Commodities	0.0	0.0
Other alternatives	1.9	1.0

Diversified 50

Investment objective

To earn a return after costs and tax, exceeding CPI* by 3.0% per annum, measured over rolling 5 year periods

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 50% and defensive investments around 50%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	20.4	21.2
International shares	25.7	22.8
Property	6.9	3.0
Fixed income	35.4	36.2
Australian cash	5.8	12.6
Infrastructure	3.9	3.6
Commodities	0.0	0.0
Other alternatives	1.9	0.6

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

Blended Balanced

Investment objective

To earn a return after costs and tax, exceeding CPI* by 3.5% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 70% and defensive investments around 30% using a combined active/passive investment management approach. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	39.3	35.6
International shares	32.7	33.0
Property	0.0	0.0
Fixed income	23.6	25.7
Australian cash	0.8	1.6
Infrastructure	3.6	4.1

Balanced

Investment objective

To earn a return after costs and tax, exceeding CPI* by 3.5% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 70% and defensive investments around 30%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	34.0	32.2
International shares	37.3	35.7
Property	3.2	2.5
Fixed income	20.5	24.8
Australian cash	0.3	1.0
Infrastructure	2.9	3.0
Commodities	0.0	0.0
Other alternatives	1.8	0.8

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

Balanced Opportunities

Investment objective

To earn a return after costs and tax, exceeding CPI* by 3.5% per annum, measured over rolling 5 and 10 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 70% and defensive investments around 30%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	31.5	28.8
International shares	31.6	30.4
Property	7.8	5.5
Fixed income	20.9	23.8
Australian cash	0.2	5.4
Infrastructure	6.1	5.3
Commodities	0.0	0.0
Other alternatives	1.9	0.8

MySuper

Investment objective

To earn a return after costs and tax, exceeding CPI* by 3.5% per annum, measured over rolling 5 and 10 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 70% and defensive investments around 30%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	31.5	28.8
International shares	31.6	30.4
Property	7.8	5.5
Fixed income	20.9	23.8
Australian cash	0.2	5.4
Infrastructure	6.1	5.3
Commodities	0.0	0.0
Other alternatives	1.9	0.8

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

Growth

Investment objective

To earn a return after costs and tax, exceeding CPI* by 4.0% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 90% and defensive investments around 10%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	38.0	36.6
International shares	40.1	39.8
Property	8.8	3.9
Fixed Income	7.9	7.7
Australian cash	0.1	6.8
Infrastructure	4.0	4.3
Commodities	0.0	0.0
Other alternatives	1.1	1.0

High Growth

Investment objective

To earn a return after costs and tax, exceeding CPI* by 4.5% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically fully exposed to a diversified portfolio of growth investments. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	45.6	41.0
International shares	45.2	46.8
Property	4.3	1.7
Fixed Income	0.0	0.0
Australian cash	0.2	4.3
Infrastructure	1.2	2.7
Commodities	0.0	0.0
Other alternatives	3.5	3.5

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

Multi-Asset Income Strategy

Investment objective

To provide a return (after costs and tax) exceeding the Portfolio's performance benchmark over the short to medium term with a focus on income and risk management

Investment strategy

The Portfolio is diversified across a range of asset classes, including equities, fixed income and alternatives, with a dynamic approach to asset allocation. Derivatives may be used to implement investment strategies.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	17.2	15.6
International shares	10.4	12.9
Property	1.2	1.6
Fixed Income	51.7	56.2
Australian cash	7.3	1.1
Infrastructure	0.0	1.0
Commodities	0.0	0.9
Other alternatives	12.2	10.6

Multi-Asset Growth Strategy

Investment objective

To provide a return (after costs and tax) exceeding the Portfolio's performance benchmark over the medium to long term.

Investment strategy

The Portfolio is diversified across a range of asset classes, including equities, fixed income and alternatives, with a dynamic approach to asset allocation. Derivatives may be used to implement investment strategies.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	19.6	9.2
International shares	28.7	21.5
Property	1.5	1.5
Fixed Income	38.2	50.7
Australian cash	0.0	6.6
Infrastructure	0.1	1.0
Commodities	0.0	0.0
Other alternatives	11.9	9.5

Diversified Portfolios for iQ Retirement by Russell Investments

Defensive

Investment objective

For Contribution Account

To earn a return after costs and tax, exceeding CPI* by 2.0% per annum, measured over rolling 5 year periods

For Pension Account

To earn a return after costs, exceeding CPI* by 2.0% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 30% and defensive investments around 70%. The Portfolio may be exposed to derivatives

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	12.8	12.5
International shares	13.1	13.5
Property	0.0	0.0
Fixed income	44.4	44.0
Australian cash	27.6	28.0
Infrastructure	2.1	2.0

Diversified 50

Investment objective

For Contribution Account

To earn a return after costs and tax, exceeding CPI* by 3.0% per annum, measured over rolling 5 year periods

For Pension Account

To earn a return after costs, exceeding CPI* by 3.0% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 50% and defensive investments around 50%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	22.2	22.2
International shares	23.4	22.6
Property	0.0	0.0
Fixed income	39.0	38.7
Australian cash	13.8	14.4
Infrastructure	1.6	1.5
Commodities	0.0	0.7

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

Blended Balanced

Investment objective

For Contribution Account

To earn a return after costs and tax, exceeding CPI* by 3.5% per annum, measured over rolling 5 year periods.

For Pension Account

To earn a return after costs, exceeding CPI* by 3.5% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 70% and defensive investments around 30% using a combined active/passive investment management approach. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	36.0	33.5
International shares	29.7	30.0
Property	6.3	5.1
Fixed income	23.7	25.3
Australian cash	0.7	2.0
Infrastructure	3.6	4.1
Commodities	0.0	0.0

Balanced

Investment objective

For Contribution Account

To earn a return after costs and tax, exceeding CPI* by 3.5% per annum, measured over rolling 5 year periods.

For Pension Account

To earn a return after costs, exceeding CPI* by 3.5% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 70% and defensive investments around 30%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	30.7	30.7
International shares	32.6	32.5
Property	0.0	0.0
Fixed income	25.6	25.1
Australian cash	9.1	9.2
Infrastructure	2.0	2.0
Commodities	0.0	0.5

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

Balanced Opportunities

Investment objective

For Contribution Account

To earn a return after costs and tax, exceeding CPI* by 3.5% per annum, measured over rolling 5 and 10 year periods.

For Pension Account

To earn a return after costs, exceeding CPI* by 3.5% per annum, measured over rolling 5 and 10 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 70% and defensive investments around 30%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	30.6	31.0
International shares	33.3	32.1
Property	0.0	0.0
Fixed income	25.1	25.1
Australian cash	8.9	9.2
Infrastructure	2.1	2.1
Commodities	0.0	0.5

Growth

Investment objective

For Contribution Account

To earn a return after costs and tax, exceeding CPI* by 4.0% per annum, measured over rolling 5 year periods.

For Pension Account

To earn a return after costs, exceeding CPI* by 4.0% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically exposed to a diversified portfolio mix of growth investments around 90% and defensive investments around 10%. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	38.9	39.0
International shares	39.3	39.1
Property	0.0	0.0
Fixed income	12.9	12.3
Australian cash	6.8	7.3
Infrastructure	2.1	7.9
Commodities	0.0	0.5

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

High Growth

Investment objective

For Contribution Account

To earn a return after costs and tax, exceeding CPI by 4.5% per annum, measured over rolling 5 year periods.

For Pension Account

To earn a return after costs, exceeding CPI* by 4.5% per annum, measured over rolling 5 year periods.

Investment strategy

The Portfolio is typically fully exposed to a diversified portfolio of growth investments. The Portfolio may be exposed to derivatives.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	46.5	46.9
International shares	48.1	47.0
Property	0.0	0.0
Fixed income	3.3	2.9
Australian cash	0.0	0.4
Infrastructure	2.5	2.4
Commodities	0.0	0.4

Multi-Asset Income Strategy

Investment objective

For Contribution Account

To provide a return (after costs and tax) exceeding the Portfolio's performance benchmark over the short to medium term with a focus on income and risk management

For Pension Account

To provide a return (after costs) exceeding the Portfolio's performance benchmark over the short to medium term with a focus on income and risk management.

Investment strategy

The Portfolio is diversified across a range of asset classes, including equities, fixed income and alternatives, with a dynamic approach to asset allocation. Derivatives may be used to implement investment strategies.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	17.2	15.6
International shares	10.4	12.9
Property	1.2	1.6
Fixed income	51.7	56.2
Australian cash	7.3	1.1
Infrastructure	0.0	1.0
Commodities	0.0	0.9
Other alternatives	12.2	10.6

* CPI stands for Consumer Price Index, which is used as a measure of inflation.

Multi-Asset Growth Strategy

Investment objective

For Contribution Account

To provide a return (after costs and tax) exceeding the Portfolio's performance benchmark over the medium to long term.

For Pension Account

To provide a return (after costs) exceeding the Portfolio's performance benchmark over the medium to long term.

Investment strategy

The Portfolio is diversified across a range of asset classes, including equities, fixed income and alternatives, with a dynamic approach to asset allocation. Derivatives may be used to implement investment strategies.

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Australian equities	19.6	9.2
International shares	28.7	21.5
Property	1.5	1.5
Fixed income	38.2	50.7
Australian cash	0.0	6.6
Infrastructure	0.1	1.0
Commodities	0.0	0.0
Other alternatives	12.0	9.5

Sector Portfolios

Australian Cash

Investment objective

For IQ Super, IQ Retirement Contribution and IQ Retirement Pension Accounts

To earn a return in line with the Reserve Bank cash rate target, before tax and after costs, over rolling 1 year periods.

Earn a return broadly in line with inflation over the long-term, before tax and after costs.

Investment strategy

The Portfolio is predominantly exposed to assets such as bank deposits, money market instruments (including but not limited to bank bills and certificates of deposit).

Benchmark

Bloomberg AusBond Bank Bill Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Non-Bank Corporate Debt	0.0	0.0
Mortgage Backed Securities	0.0	0.0
Money Market Instruments	89.7	87.9
Bank Debt	0.0	0.0
Asset Backed Securities	0.0	0.0
Cash	7.5	6.8
Government	2.8	5.3

Australian Cash Enhanced

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods

Investment strategy

The Portfolio is predominantly exposed to assets such as bank deposits, money market instruments (including but not limited to bank bills and certificates of deposit), corporate floating rate notes and asset backed and mortgage backed securities. The Portfolio may also be exposed to fixed rate corporate debt, derivatives and non-Australian dollar denominated cash and cash equivalent securities. Underlying foreign currency exposures will be largely hedged back to Australian dollars.

Benchmark

Bloomberg AusBond Bank Bill Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Cash	29.5	29.2
Corporate High Yield	0.0	0.0
Corporate Inv. Grade	37.2	40.5
FX/Rates	-0.6	-0.7
Government	1.4	2.8
Gov. Related	0.5	0.0
Securitised	30.4	23.3
Emerging Markets	1.5	4.9

Australian Fixed Income

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods

Investment strategy

The Portfolio is predominantly exposed to Australian issued government, quasi-government and corporate fixed income securities. The Portfolio may also be exposed to derivatives, debt securities issued by supranationals and non-Australian governments, agencies and corporates, as well as structured credit securities including mortgage and asset backed securities. The Portfolio from time to time may be exposed to low grade or unrated debt securities, exchange traded funds, emerging markets and currency to a limited extent.

Benchmark

Bloomberg AusBond Composite 0+ Yr Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Cash	1.5	2.1
Corporate High Yield	0.7	0.8
Corporate Investment Grade	28.9	27.0
FX/Rates	-1.2	1.4
Government	23.5	24.8
Government Related	40.7	39.7
Securitized	4.6	2.8
Emerging Markets	1.4	1.4

Global Fixed Income

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to debt securities issued by supranationals, international governments, quasi-governments, agencies and corporates as well as structured credit securities including mortgage and asset backed securities. The Portfolio may also be exposed to derivatives and to low grade or unrated debt securities, emerging markets and currency to a limited extent. Underlying foreign currency exposures are largely hedged back to Australian dollars.

Benchmark

Barclays Global Aggregate Index (\$A Hedged)

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
United States	51.2	46.7
Euroland	15.2	17.5
Japan	8.3	10.3
United Kingdom	4.2	4.7
Australia/NZ/Other	16.7	18.8
Other Europe	4.4	2.1

Australian Opportunities

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to shares and unit trusts listed or about to be listed on the Australian Securities Exchange. The Portfolio may also be exposed to derivatives and short selling.

Benchmark

S&P/ASX 300 Accumulation Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Financial-X-Property Trusts	29.5	29.5
Materials	21.0	20.1
Consumer Discretionary	6.5	7.4
Energy	10.3	9.2
Industrials	7.5	7.7
Consumer Staples	6.2	7.2
Health Care	5.4	6.8
Property Trusts	5.1	3.5
Information Technology	1.2	1.9
Telecommunications Services	6.3	2.2
Utilities	1.2	1.8
Other	0.0	2.8

Global Opportunities

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to a broad range of international shares listed on stock exchanges in developed and emerging international markets. The Portfolio may also be exposed to derivatives and emerging market equity securities.

Benchmark

Until 30 September 2018: Russell Global Large Cap – Net Index

From 1 October 2018: MSCI ACWI Index - Net

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
North America	51.5	47.9
EMEA ex United Kingdom	17.0	15.0
Japan	9.1	11.3
United Kingdom	5.7	11.5
Emerging Markets	14.8	10.8
Asia / Pacific ex Japan	2.0	2.8
Other	0.0	0.7

Global Opportunities - \$A Hedged

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to a broad range of international shares listed on stock exchanges in developed and emerging international markets. The Portfolio may also be exposed to derivatives and emerging market equity securities. Underlying foreign currency exposures are largely hedged back to Australian dollars.

Benchmark

Until 30 September 2018: Russell Global Large Cap AUD Hedged Index – Net

From 1 October 2018: MSCI ACWI Index – 100% Hedged to AUD - Net

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
North America	51.5	47.9
EMEA ex United Kingdom	17.0	15.0
Japan	9.1	11.3
Emerging Markets	14.9	10.8
United Kingdom	5.7	11.5
Asia / Pacific ex Japan	2.0	2.8
Other	0.0	0.7

Emerging Markets

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to shares listed on stock exchanges in emerging markets. The Portfolio may also have exposure to shares listed on stock exchanges in countries which are considered 'frontier' or 'pre-emerging' and to shares listed on developed markets' stock exchanges where the issuer derives a material proportion of its revenue from the emerging markets.

Benchmark

MSCI Emerging Markets Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
China	32.5	31.0
South Korea	12.2	14.0
Taiwan	9.8	9.1
India	8.3	7.5
Brazil	8.7	7.2
South Africa	5.2	5.2
Russia	6.6	4.8
Mexico	2.5	2.5
Turkey	-	2.4
Indonesia	1.8	-
Other	12.5	16.3

International Property Securities - \$A Hedged

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to property trusts and property related securities listed on stock exchanges in developed international markets. The Portfolio may also be exposed to securities which have exposure to properties in emerging markets. Underlying foreign currency exposures are largely hedged back to Australian dollars.

Benchmark

FTSE EPRA/NAREIT Developed Real Estate Index Net TRI - \$AH Hedged

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
North America	55.2	54.6
Continental Europe	11.7	11.0
Japan	10.2	9.6
Asia Ex Japan	12.0	11.2
United Kingdom	5.8	7.4
Australia	4.0	4.3
Emerging Markets	0.3	0.6
Other	0.7	1.2

Responsible Australian Shares

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to shares or unit trusts listed or about to be listed on the Australian Securities Exchange. In selecting shares or unit trusts, consideration is given to one or more socially responsible standards (e.g. social, ethical or environmental standards).

Benchmark

S&P/ASX 300 Accumulation Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Energy	8.0	10.0
Materials	21.4	22.8
Industrials	12.2	9.0
Consumer Discretionary	1.5	2.3
Consumer Staples	2.3	3.4
Health Care	11.5	9.6
Information Technology	1.8	2.2
Telecommunication Services	7.4	2.6
Financial-X-Property Trusts	23.1	27.9
Property Trusts	2.2	2.4
Cash & Other	8.6	7.8

Responsible Global Shares

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to a broad range of international shares listed on stock exchanges in developed and emerging international markets. The Portfolio is invested in a fund that will maintain a reduced carbon exposure compared to the benchmark, whilst also increasing exposure to renewable energy and taking into account other ESG considerations such as the exclusion of controversial weapons, uranium and tobacco companies. The Portfolio may also be exposed to derivatives.

Benchmark

MSCI ACWI ex Australia Index Net

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
North America	59.5	58.0
EMEA Ex United Kingdom	14.8	15.2
Emerging Markets	11.5	11.5
Japan	7.3	8.0
United Kingdom	5.1	5.7
Asia Pacific Ex Japan	1.8	1.7

Third Party Indexed Australian Shares

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to shares and unit trusts listed or about to be listed on the Australian Securities Exchange. The Portfolio is invested in passive manner so as to replicate as closely as possible the benchmark stated above. The Portfolio may also be exposed to derivatives.

Benchmark

S&P/ASX 300 Accumulation Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Financials	31.5	32.6
Materials	18.9	18.5
Health Care	8.6	8.4
Consumer Staples	5.5	8.1
Real Estate	7.7	7.7
Industrials	8.2	7.2
Energy	5.3	5.8
Consumer Discretionary	6.2	5.0
Information Technology	2.5	2.5
Telecommunication Services	3.9	2.2
Utilities	1.9	2.0

Third Party Indexed Global Shares

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to a broad range of international shares listed on stock exchanges in developed international markets. The Portfolio is invested in passive manner so as to replicate as closely as possible the benchmark stated above. The Portfolio may also be exposed to derivatives.

Benchmark

MSCI World ex-Australia (with net dividends reinvested) in Australian dollars Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Information Technology	16.7	19.0
Financials	15.2	16.2
Consumer Discretionary	10.6	13.0
Health Care	12.7	12.3
Industrials	11.3	11.3
Consumer Staples	8.6	8.3
Energy	5.6	6.8
Material	4.3	4.6
Utilities	3.4	3.0
Real Estate	3.1	2.9
Telecommunication Services	8.5	2.6

Third Party Indexed Global Shares - \$A Hedged

Investment objective

For IQ Super and IQ Retirement Contribution Accounts

To earn a return above benchmark, before tax and after costs, over rolling 5 year periods.

For IQ Retirement Pension Accounts

To earn a return above benchmark, after costs, over rolling 5 year periods.

Investment strategy

The Portfolio is predominantly exposed to a broad range of international shares listed on stock exchanges in developed international markets. The Portfolio is invested in passive manner so as to replicate as closely as possible the benchmark stated above. The Portfolio may also be exposed to derivatives. Underlying foreign currency exposures are largely hedged back to Australian dollars.

Benchmark

MSCI World ex-Australia (with net dividends reinvested) hedged into AUD Index

Asset allocation as at 30 June

Asset class	2019 (%)	2018 (%)
Information Technology	16.7	19.0
Financials	15.2	16.2
Consumer Discretionary	10.6	13.0
Health Care	12.7	12.3
Industrials	11.3	11.3
Consumer Staples	8.6	8.3
Energy	5.6	6.8
Material	4.3	4.6
Utilities	3.4	3.0
Real Estate	3.1	2.9
Telecommunication Services	8.5	2.6

Investment returns

If you are an accumulation member, the investment earnings are determined by movement in the daily unit prices of the applicable default investment portfolio or your chosen investment strategy.

If you are a defined benefit member and have investment choice for some of your accounts, these accounts are credited with a daily crediting rate which reflects the net investment return for each day on your chosen investment portfolio(s).

If you are a defined benefit member without investment choice you should refer to Your Super Plan insert for details of how investment earnings are credited to your accounts.

Default Investment Portfolio

Where you have member investment choice and do not make an investment election, your account will be invested in the default MySuper investment portfolio, the Balanced Opportunities Portfolio.

Investment returns as at 30 June 2019

The table on the following pages provide the investment returns as at 30 June 2019 for iQ Super, iQ Retirement, and Term Allocated Pension (TAP). For Defined Benefit members, please refer to the relevant insert provided with Your Annual Report 2019 for specific investment returns.

The returns shown are net of investment management fees and taxes on investment income. Returns are the compound average net earnings for each period. Past performance is not indicative of future performance. Your investment return/s (if any) may differ depending on the following factors: your investment option if you have selected an investment strategy. If no investment option was selected, the asset will be invested in the default investment strategy; any investment switches made during the financial period; date you joined the plan; and the timing of contributions made during the financial period.

iQ Super

Diversified Options

Portfolios	Inception date*	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	2016 % (p.a.)	2015 % (p.a.)	5-year % (p.a.)	Since inception % (p.a.)
MySuper	1/07/2008	6.73	7.79	11.48	0.31	10.72	7.28	5.98
Defensive	1/07/2003	5.23	4.15	5.93	2.45	6.38	4.75	5.56
Diversified 50	1/07/2003	5.42	6.03	8.70	1.06	8.58	5.86	6.24
Blended Balanced	1/04/2005	6.12	7.28	12.14	-0.58	10.55	6.93	6.44
Balanced	1/07/2003	5.93	8.24	11.61	-0.25	10.54	7.07	6.97
Balanced Opportunities	1/07/2008	6.51	7.75	11.48	0.31	10.72	7.23	5.96
Growth	1/07/2003	6.28	9.91	13.71	-1.23	11.84	7.92	7.57
High Growth	1/04/2005	6.71	10.55	16.8	-2.24	13.92	8.94	6.86

Outcome Orientated Options

Portfolios	Inception date*	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	2016 % (p.a.)	2015 % (p.a.)	5-year % (p.a.)	Since inception % (p.a.)
Multi-Asset Income Strategy	24/11/2017	5.02						3.49
Multi-Asset Growth Strategy	24/11/2017	3.57						2.46

Sector Options

Portfolios	Inception date*	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	2016 % (p.a.)	2015 % (p.a.)	5-year % (p.a.)	Since inception % (p.a.)
Australian Cash	1/07/2003	1.36	1.32	1.34	1.72	1.81	1.52	3.10
International Property Securities – \$A Hedged	1/04/2005	6.15	6.24	9.52	3.96	9.55	6.82	5.72
Australian Opportunities	1/11/2004	7.39	11.67	16.83	1.8	8.65	9.23	8.11
Global Opportunities	1/04/2005	8.13	12.57	21.77	-4.02	27.54	12.46	6.61
Responsible Australian Shares	1/07/2008	7.34	12.73	15.7	-4.56	11.34	8.47	6.11
Australian Fixed Income	24/11/2017	7.65						5.22

Portfolios	Inception date*	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	2016 % (p.a.)	2015 % (p.a.)	5-year % (p.a.)	Since inception % (p.a.)
Global Fixed Income - \$A Hedged	24/11/2017	5.47						3.46
Emerging Markets	24/11/2017	4.60						0.72
Australian Cash Enhanced	1/07/2007	2.22	1.94	2.35	1.60	2.30	2.08	3.31
Global Opportunities - \$A Hedged	24/11/2017	3.08						2.27
Responsible Global Shares	24/11/2017	10.17						8.40
Third-Party Indexed Australian Shares	24/11/2017	9.03						8.94
Third-Party Indexed Global Shares	24/11/2017	10.72						10.82
Third-Party Indexed Global Shares - \$A Hedged	24/11/2017	6.05						5.53

iQ Retirement

Tax is deducted on investments within the Contribution Account. No tax is deducted on investments in the Pension Account. Therefore, the Contribution and Pension Accounts will have different investment return figures for the same investment portfolios. Where returns are positive, the Pension Account will generally display a higher return as no tax is deducted from the return. Where returns are negative, the Pension Account will generally display a lower return because losses cannot be used to offset tax payable within the portfolio.

Pension Account

Portfolios	Inception date ¹⁷	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	5 years % (p.a.)	Since inception % (p.a.)
Defensive	1/07/2007	6.35	4.46	6.06	5.26	5.08
Diversified 50	1/07/2007	7.01	6.75	8.96	6.61	5.18
Balanced	1/07/2007	7.48	8.41	11.89	7.79	5.17
Balanced Opportunities	1/07/2008	7.38	8.29	11.67	7.75	7.03
Growth	1/07/2007	7.76	10.02	14.28	8.73	4.79

¹⁷ The date the investment portfolio became available

Portfolios	Inception date ¹⁷	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	5 years % (p.a.)	Since inception % (p.a.)
High Growth	1/07/2007	8.00	11.43	16.52	9.58	4.98
Australian Opportunities	1/07/2007	9.36	12.69	16.14	9.70	5.77
Australian Cash Enhanced	1/07/2007	2.65	2.27	2.75	2.51	3.96
International Property Securities – \$A Hedged	1/07/2007	6.75	7.02	4.04	7.20	3.49
Blended Balanced	24/11/2018	6.31				4.63
Multi-Asset Income Strategy	24/11/2017	6.03				3.99
Multi-Asset Growth Strategy	24/11/2017	4.13				2.30
Australian Cash	24/11/2017	1.68				1.64
Australian Fixed Income	24/11/2017	8.92				6.14
Global Fixed Income - \$A Hedged	24/11/2017	6.30				4.09
Global Opportunities	1/07/2007	8.76	12.93	17.13	12.16	6.14
Global Opportunities - \$A Hedged	24/11/2017	3.32				2.49
Emerging Markets	24/11/2017	4.78				-0.41
Responsible Australian Shares	24/11/2017	9.85				10.54
Responsible Global Shares	24/11/2017	10.87				8.69
Third-Party Indexed Australian Shares	24/11/2017	10.53				10.69
Third-Party Indexed Global Shares	24/11/2017	12.09				11.37
Third-Party Indexed Global Shares - \$A Hedged	24/11/2017	5.39				5.13

Contribution Account

Portfolios	Inception date ¹⁸	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	5 years % (p.a.)	Since inception % (p.a.)
Defensive	1/07/2007	5.23	4.46	6.06	4.75	5.56
Diversified 50	1/07/2007	5.42	6.75	8.96	5.86	6.24
Balanced	1/07/2007	5.93	8.41	11.89	7.07	6.97
Balanced Opportunities	1/07/2008	6.51	8.29	11.67	7.23	5.96
Growth	1/07/2007	6.28	10.02	14.28	7.92	7.57
High Growth	1/07/2007	6.71	11.43	16.52	8.94	6.86
Australian Opportunities	1/07/2007	7.39	12.69	16.14	9.23	8.11
Australian Cash Enhanced	1/07/2007	2.22	2.27	2.75	2.08	3.31
International Property Securities – \$A Hedged	1/07/2007	6.15	7.02	4.04	6.82	5.72
Blended Balanced	24/11/2017	6.12				6.44
Multi-Asset Income Strategy	24/11/2017	5.02				3.49
Multi-Asset Growth Strategy	24/11/2017	3.57				2.46
Australian Cash	24/11/2017	1.36				3.10
Australian Fixed Income	24/11/2017	7.65				5.22
Global Fixed Income - \$A Hedged	24/11/2017	5.47				3.46
Global Opportunities - \$A Hedged	24/11/2017	3.08				2.27
Global Opportunities	1/07/2007	8.13	12.93	17.13	12.46	6.61
Emerging Markets	24/11/2017	4.60				0.72
Responsible Australian Shares	24/11/2017	7.34				6.11
Responsible Global Shares	24/11/2017	10.17				8.40

¹⁸ The date the investment portfolio became available

Portfolios	Inception date ¹⁸	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	5 years % (p.a.)	Since inception % (p.a.)
Third-Party Indexed Australian Shares	24/11/2017	9.03				8.94
Third-Party Indexed Global Shares	24/11/2017	10.72				10.82
Third-Party Indexed Global Shares - \$A Hedged	24/11/2017	6.05				5.53

Term Allocated Pension (TAP)

Portfolios	Inception date ¹⁹	2019 % (p.a.)	2018 % (p.a.)	2017 % (p.a.)	2016 % (p.a.)	2015 % (p.a.)	5 years % (p.a.)	Since inception % (p.a.)
Diversified Portfolios								
Defensive	1/09/2004	6.35	4.46	6.64	2.34	7.5	5.26	5.08
Diversified 50	1/09/2004	7.01	6.75	9.36	0.62	8.6	6.61	5.18
Balanced	1/09/2004	7.48	8.41	12.33	-1.02	9.8	7.79	5.17
Growth	1/09/2004	7.76	10.02	15.3	-2.66	12.7	8.73	4.79
Sector Portfolios								
Australian Cash	24/11/2017	9.36						9.36
Australian Opportunities	1/11/2004	8.76	12.69	16.99	-1.61	8.40	12.16	6.14
Global Opportunities Option	1/07/2007	8.92						7.63
Global Opportunities - \$A Hedged Option	24/11/2017	4.78						4.68

¹⁹ The date the investment portfolio became available

Trustee information

Russell Investments Master Trust (the Fund) is managed by a professional Trustee company called Total Risk Management Pty Ltd (TRM) (ABN 62 008 644 353). iQ Super – Saver, iQ Retirement, Resource Super and Nationwide Super are divisions of the Fund.

TRM holds a Registrable Superannuation Entity (RSE) licence from APRA. TRM has appointed Russell Investments Employee Benefits Pty Ltd, a related company, to provide member services and manage the day-to-day administration operations of the Fund.

TRM has appointed Russell Investment Management Ltd, also a related company, to manage the Fund's investments, including the selection of all the underlying investment managers that invest the Fund's money in each of the investment choices.

Trustee directors

During the year, there were five (5) Trustee Directors of TRM. Relevant details of the directors are as follows:

James (Jim) O'Connor has a Bachelor of Arts (Actuarial Studies) from the Macquarie University, Master of Business Administration from the University of Geneva / International Management Institute and a Master of Commerce (Finance) from the University of NSW. Prior to his appointment as a director of TRM, Jim was the Plan Secretary for the Westpac Staff Superannuation Plan. Jim became the chair of TRM from 1 September 2018. Prior to this Jim was the chair of the Remuneration Committee and the Audit, Risk and Compliance Committee.

Marian Carr has a Master of Business (Fin.) from UTS and is a Fellow of FINSIA and a Member of the Australian Institute of Company Directors (AICD). Marian has over 30 years' experience in the funds management industry. Marian was previously the Deputy Managing Director of MIR Investment Management Pty Limited.

Alexis Dodwell has a Bachelor of Laws, Bachelor of Economics, and Graduate Diploma in Applied Corporate Governance and has completed the Director Course at the Australian Institute of Company Directors. Alexis is a risk, compliance and corporate governance specialist, having worked in the financial services industry for over 20 years most recently at Perpetual Limited and the Commonwealth Bank of Australia. Alexis became the chair of the Remuneration Committee and the Audit, Risk and Compliance Committee from 1 September 2018.

Michael Gordon has a Bachelor of Business (Fin.) from UTS and is a Graduate of the Australian Institute of Company Directors (GAICD). Michael has over 30 years' experience in the funds management industry in Australia, Asia and Europe. Prior to his appointment, Michael was the Group Executive of Perpetual Investments and has previously held Chief Investment Officer roles with Fidelity International, BNP Paribas and Schroders. Michael is the chair of the Investment Committee.

Katherine Allchin has a Bachelor of Business (Marketing) from QUT and is a Graduate of the Australian Institute of Company Directors (GAICD). Katherine has over 30 years' experience in the funds management industry in Australia. Prior to this appointment Katherine was a Director, Vinva Investment Management and previously Head of Distribution for Barclays Global Investors in Australia.

Indemnity insurance

The Trustee has maintained Trustee indemnity insurance.

Advisers to the Trustee

The Trustee has appointed the following service providers to assist with the management of the Russell Investments Master Trust.

Administration, actuary and superannuation consultant:	Russell Investments Employee Benefits Pty Ltd
Auditor:	Deloitte Touche Tohmatsu
Tax adviser:	PricewaterhouseCoopers
Investment manager:	Russell Investment Management Ltd
Custodian:	State Street Australia Limited

Policy Committee

If you are an iQ Super – Employer member or Nationwide Super member, your interests may be further represented by a Policy Committee. You should refer to the enclosed Your Super Plan insert for details of your Policy Committee.

If you have an enquiry or complaint

Russell Investments Master Trust has a formal procedure to deal with complaints from members. If you have any enquiry regarding your benefits, the Fund in general or on any information raised in this report, or if you wish to make a complaint, please contact us at:

Russell Investments Master Trust

Phone: 1800 555 667

Mail: The Complaints Officer
iQ Super by Russell Investments
Locked Bag A4094 Sydney South NSW 1235

Email: iq@russellinvestments.com.au

Depending on the nature of your complaint, we may ask you to provide further information in writing, so that we can fully understand the complaint. We will provide assistance to you if necessary. We will provide prompt written acknowledgment of receipt of your complaint.

Our goal is to handle your complaint efficiently and fairly and we will provide the Trustee's decision as quickly as possible. However, if your complaint relates to a death claim or to a declined disablement claim, it may take some time to gather all the information necessary to enable the complaint to be properly considered. You can obtain advice in relation to the complaints handling process or feedback on the status of your complaint by calling us.

You also have the right to raise complaints with the external dispute resolution body.

Australian Financial Complaints Authority (AFCA)

Mail: GPO Box 3 Melbourne VIC 3001

Phone: 1800 931 678

Email: info@afca.org.au

Other important information

Policy on derivatives

Some of the underlying investment managers appointed by Russell Investment Management Ltd are permitted to use derivatives (subject to explicit guidelines outlined in the relevant investment management agreements).

The main objective of using derivatives is to more efficiently manage the assets of the underlying funds. The underlying investment managers are required to ensure that the underlying funds are not leveraged. Cash, cash equivalents or physical securities are held to cover net derivative positions entered into.

Reserves

The Fund maintains an Administration Reserve which is invested in the Australian Cash Portfolio and an Operational Risk Reserve (ORR) which is managed and invested in accordance with the Trustee's ORFR Strategy. The values of these Reserves are shown on the Financials page of this report.

Transfer of membership from iQ Super – Employer into iQ Super – General

Leaving your job will usually bring significant change to your life. One thing that won't need to change is the super fund you're with. Russell Investments Master Trust is designed to go everywhere with you, right through your working life and beyond into your retirement years – so you will only ever need one superannuation account. After you leave your current employer, we will open an account for you in our iQ Super – General. Your member number and PIN remain the same, so you can continue to transact (make contributions, update your details) on your account. When we have received the final contributions from your employer, we will finalise your benefit and close your iQ Super - Employer account and transfer it to your iQ Super - General account. The features and fees of iQ Super - General are contained in its Product Disclosure Statement (PDS) which is available from our website russellinvestments.com.au/generalpds. The PDS will be issued when the iQ Super - General account is opened for you.

Fees and Charges

Fees and charges are documented in the iQ Super - General Product Disclosure Statement (PDS), these include any fees that were previously met by your employer.

Your Investments in iQ Super General: Accumulation Members

There will be no change to the way your benefit is invested – it will continue to be invested in the investment option(s) applicable to your accumulation account on the day your benefit is transferred to iQ Super - General. You can change your investment option(s) at any time, both before and after your benefit is transferred to iQ Super - General. If you wish to change your investment option(s) you can go online at russellinvestments.com.au or call us on 1800 555 667.

Your Investments in iQ Super - General: Defined Benefit Members

When the Fund receives notification from your employer of your termination of employment (and this may be quite some time after your termination date), your defined benefit will be calculated as at your termination date. This amount will be treated as having been invested in the Australian Cash Portfolio or your defined benefit division crediting rate. Upon transfer to iQ Super - General, this amount will be invested in the Australian Cash Portfolio, until you make an investment choice after the transfer. This is done to minimise the impact of any adverse market movements until the benefit is moved to iQ Super - General, where you can make your own investment choice. Your termination of employment will have no impact on the investment of your investment choice accounts – these will continue to be invested in the same investment option(s). You can change the investment option(s) of your investment choice accounts at any time, both before and after your benefit is transferred to iQ Super - General.

If you wish to change your investment option(s) you can go online at russellinvestments.com.au or call us on 1800 555 667.

If, following termination of your employment, you choose to have your benefit paid from the Fund (either in cash or to another superannuation fund) you can still change how your benefit is invested at any time (other than any defined benefit component), right up to the date of payment from the Fund (remembering that an investment switch takes 3 business days to process).

Your Insurance Coverage in iQ Super - General

Your insured Death and Total and Permanent Disablement (TPD) benefits will continue within iQ Super - General. The level of Death and/or TPD insurance cover you had in place on the day you left your employer will be reinstated automatically when we open your iQ Super - General account. There will be no gap in your coverage (i.e. the effective date of your coverage will be the day after you ceased employment with your employer). However, you will meet the cost of your insurance cover and the premiums will be deducted from your iQ Super - General account when your iQ Super - Employer benefit is transferred. When this occurs, any arrears of your insurance premiums will be deducted at the time of the next monthly fee deduction, which is on the last business day of the month. In the event that your balance reaches nil, your account will be closed and any insurance cover you have will cease.

Temporary resident

If you are a former temporary resident who has left Australia and your visa has expired or been cancelled, you can claim your super from the Fund as a Departing Australia Superannuation Payment (DASP). Contact the fund for further information on how to initiate a DASP. If you are a temporary resident your super may be classified as unclaimed money and forwarded to the ATO if:

- you are a departed temporary resident
- at least six months have passed since the later of your visa expiring or your departure from Australia
- you are not currently the holder of a temporary, permanent or prescribed visa
- you are not an Australian or New Zealand citizen and have not made a valid application for a permanent visa.

The Australian Securities and Investments Commission (ASIC) has provided relief to superannuation trustees to the effect that a trustee is not obliged to notify, or give an exit statement to, a former temporary resident where the trustee pays unclaimed superannuation to the ATO in accordance with the applicable legislation requirements. If your account balance is transferred to the ATO, you can claim your super from the ATO by calling 13 28 65 or visiting ato.gov.au.

Eligible Rollover Fund

An Eligible Rollover Fund (ERF) is a special type of super fund that can receive benefits that are automatically rolled over from other super funds. The ERF we have selected is SuperTrace Eligible Rollover Fund (SuperTrace).

Your account balance will remain invested in iQ Super - General or Personal unless your balance is less than \$2,000. In this case you must tell us what you want to do with it within 60 days of receiving our letter. If we do not receive your written instructions within this period, your account balance will be transferred to SuperTrace.

Once we transfer your account balance to SuperTrace, the responsibility for administering and paying out your superannuation passes to the trustee of SuperTrace. You will need to contact SuperTrace if you want to access your money or transfer it to another super fund.

We recommend you obtain and read a copy of the SuperTrace Product Disclosure Statement, as the investment strategy and fees are different to those in Russell Investments Master Trust.

SuperTrace Eligible Rollover Fund

Locked Bag 5429
Parramatta NSW 2124
1300 788 750

More information

You can request copies of the following documents by calling us or by downloading copies, where available, from our website:

- information on iQ Super by Russell Investments
- information on the iQ Retirement by Russell Investments
- the Rules of the Fund
- extracts of relevant actuarial reports
- the Fund's financial statements and auditor's report

Financials

Russell Investments Master Trust's abridged audited accounts for the year ending 30 June 2019 are shown in the table below. You can obtain a copy of the complete accounts and the auditor's report by contacting us.

Statement of Financial Position for the year ending 30 June	2019 (\$'000)	2018 (\$'000)
Cash and cash equivalents		
Cash and cash equivalents	29,641	49,913
Receivables and other assets		
Receivables and other assets	29,940	8,357
Investments		
Units in unit trusts	336,138	296,752
Pooled superannuation trusts	9,086,481	8,384,717
Deferred tax assets	1,782	1,395
Total assets	9,483,982	8,741,134
Liabilities		
Benefits payable	(132)	(132)
Payables	(43,752)	(23,278)
Income tax payable	(9,142)	(6,482)
Deferred tax liabilities	(59)	(439)
Total liabilities excluding member benefits	(53,085)	(30,331)
Net assets available for member benefits	9,430,897	8,710,803
Member benefits		
Defined contribution member liabilities	(8,392,428)	(7,629,749)
Defined benefit member liabilities	(885,423)	(904,850)
Unallocated to defined contribution members	(35)	(97)
Total member liabilities	(9,277,886)	(8,534,696)
Net assets	153,011	176,107
Equity		
Administration reserve	7,937	7,521
Operational risk reserve	23,054	21,756
Defined benefits that are over funded	122,020	146,830
Total equity	153,011	176,107

Income Statement for the year ending 30 June	2019 (\$'000)	2018 (\$'000)
Superannuation activities		
Interest	12,336	3,167
Distributions from unit trusts	13,991	3,315
Changes in assets measured at fair value	537,623	605,724
Other investment income	536	16,340
Other income	2,028	121
Total revenue	566,514	628,667
Administration expenses	(28,514)	(35,200)
Operating expenses	(1,181)	(1,451)
Other expenses	(5,255)	(967)
Insurance premiums	(4,417)	(5,167)
Total expenses	(39,367)	(42,785)
Net result from superannuation activities	527,147	585,882
Operating results	527,147	585,882
Net benefits allocated to defined contribution member accounts	(486,285)	(500,483)
Net change in defined benefit member liabilities	(72,079)	(111,339)
Operating results before income tax	(31,217)	(25,940)
Income tax expense/(benefit)	(8,121)	(9,175)
Operating results after income tax	(23,096)	(16,765)

Statement of Changes In Member Benefits for the year ending 30 June	DC Members (\$'000)	DB Members (\$'000)	Total (\$'000)
Opening balance as at 1 July 2018	7,629,846	904,850	8,534,696
Contributions			
Employer	348,788	28,446	377,234
Member	37,307	2,769	40,076
Transfer from other superannuation plans	762,892	-	762,892
Government co-contributions	212	-	212
Income tax on contributions	(53,730)	(4,267)	(57,997)
Net after tax contributions	1,095,469	26,948	1,122,417
Benefits to members/beneficiaries	(821,027)	(115,173)	(936,200)
Insurance premiums charged to members' accounts	(18,961)	(3,281)	(22,242)
Death and disability insurance benefits credited to members' accounts	20,851	-	20,851
Benefits allocated to members' accounts, comprising:			
Net investment income	507,106	54,266	561,372
Administration fees	(20,821)	1,480	(19,341)
Net change in DB member benefits	-	16,333	16,333
Closing balance as at 30 June 2019	8,392,463	885,423	9,277,886

Opening balance as at 1 July 2017	7,350,645	926,002	8,276,647
Contributions			
Employer	322,325	49,121	371,446
Member	30,851	2,213	33,064
Transfer from other superannuation plans	133,826	-	133,826
Government co-contributions	184	-	184
Income tax on contributions	(51,424)	(7,368)	(58,792)
Net after tax contributions	435,762	43,966	479,728
Benefits to members/beneficiaries	(788,553)	(45,577)	(834,130)
Benefits to members/beneficiaries (Internal Transfer)	153,264	(153,264)	-
Transfer to defined benefit member investment choice (DB MIC)	(23,700)	23,700	-
Insurance premiums charged to members' accounts	(16,744)	(1,316)	(18,060)
Death and disability insurance benefits credited to members' accounts	18,689	-	18,689
Benefits allocated to members' accounts, comprising:			
Net investment income	525,129	50,412	575,541
Administration fees	(24,646)	(2,261)	(26,907)
Net change in DB member benefits	-	63,188	63,188
Closing balance as at 30 June 2018	7,629,846	904,850	8,534,696

Issued by Total Risk Management Pty Ltd ABN 62 008 644 353, AFSL 238790 (TRM). This report provides general information only and has not been prepared having regard to your objectives, financial situation or needs. Before making an investment decision, you need to consider whether this information is appropriate to your objectives, financial situation and needs. The information has been compiled from sources considered to be reliable, but is not guaranteed. Past performance is not a reliable indicator of future performance. Any potential investor should consider the latest Product Disclosure Statement (PDS) in deciding whether to acquire, or to continue to hold, an investment in the Russell Investments Master Trust ABN 89 384 753 567 (the Fund). iQ Super, iQ Retirement and the Term Allocated Pension are divisions of the Fund. The PDS for your relevant division is currently available by visiting russellinvestments.com.au or by phoning us. TRM is part of Russell Investments. Russell Investments or its associates, officers or employees may have interests in the financial products referred to in this document by acting in various roles including broker or adviser, and may receive fees, brokerage or commissions for acting in these capacities. In addition, Russell Investments or its associates, officers or employees may buy or sell the financial products as principal or agent.

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