



Private Super Fund 2010/11 Annual Trustee Report

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About your Annual Trustee Report

The Annual Trustee Report for the Private Super Fund for the period 1 July 2010 to 30 June 2011 (reporting period) has been prepared by Australian Executor Trustees to provide you with information on the investment performance of your Fund. Together, the annual trustee report and your annual member statement make up your annual fund package.

Contact details

If you have questions about the annual trustee report please contact the client services team:

Telephone	1800 254 180
Website	www.aetmyportfolio.com.au
Mail	Australian Executor Trustees Limited Administration Services GPO Box 546 Adelaide SA 5001

From the Trustee

I am pleased to present the following Trustee's annual report to investors in the Private Super Fund for the financial year ending 30 June 2011. This report has been prepared by Australian Executor Trustees as Trustee of the Private Super Fund.

Within the report you will find general information about the Private Super Fund, including changes that have occurred during the financial year.

On behalf of the Board of Trustee Directors, thank you for your ongoing support

Yours sincerely

A handwritten signature in black ink, appearing to read 'Christopher Kelaher', with a long horizontal flourish extending to the right.

Christopher Kelaher
Director
Australian Executor Trustees Limited
Trustee and administrator of the Private Super Fund

Legislative changes

We have summarised some of the key legislative changes that were announced during the financial year that we believe are relevant to you. However, at the time of printing, not all of these reforms have been legislated. To understand the full impact that these changes have, or may have, on your Fund, or to obtain further details, please speak to your financial adviser.

Drawdown relief for account-based pensions in 2011/12

The Federal Government announced that it will extend the drawdown relief provided for account-based pensions for the 2011/12 financial year, however, it has been reduced from 50 per cent to 25 per cent. The minimum annual payment is determined by your age on 1 July of each financial year or your age at the date of the commencement of the pension.

Age	Minimum annual pension payment as a percentage of your account balance (%)
Under 65	3.0
65 -74	3.75
75-79	4.5
80-84	5.25
85-89	6.75
90-94	8.25
95 and over	10.5

The drawdown relief also extends to term allocated pensions. The 2011/12 minimum pension of 67.5 per cent of the annual calculated amount was advised to pensioners in July 2011.

Temporary flood and cyclone reconstruction levy (flood levy)

For the 2011/12 financial year only, an additional tax will apply if your taxable income exceeds \$50,000. This tax (the flood levy) is 0.5 per cent on that part of your taxable income above \$50,000 and 1 per cent on that part of your taxable income that is above \$100,000.

The levy does not apply to pension or superannuation lump sum payments that you receive after age 60, as these payments are tax-free. However, if you are under age 60 and receive a pension or a lump sum payment, and the taxable component of this payment is more than \$50,000, withholding tax may include an allowance for the flood levy. If you are aged between age 55 and age 59 (inclusive), please note that, although in previous years (generally) no withholding tax has deducted on the first \$165,000 of the taxable component of a superannuation lump sum, for 2011/12 some withholding tax may apply due to the flood levy.

Members who have been affected by a natural disaster during the 2010/11 financial year and received an Australian Government Disaster Recovery Payment are exempt from the flood levy and can apply to have any withholding tax on their super benefits adjusted accordingly.

Product changes

During the year, changes to the following took effect:

- Fund auditor changed from PricewaterhouseCoopers to KPMG
- Investment objective of the Cash Deposit Fund
- Change in name of 'Investment and Financial Services Association (IFSA)' to 'Financial Services Council (FSC)'
- Concessional contributions cap
- Minimum pension limits
- Investment strategies
- Telephone number of the Superannuation Complaints Tribunal
- Lost members

A supplementary product disclosure statement for the Private Super Fund disclosing the above changes was issued on 24 November 2010.

General information about your fund

Minimum cash balance requirements

From 27 June 2011 changes were made to the minimum cash balance requirements.

- For member accounts under \$1 million, a minimum cash balance of \$5,000 is required.
- For member accounts over \$1 million, a minimum cash balance of 0.5 per cent of the value of the account is required.

Investment objectives

The investment objective for any superannuation fund is to maximise each member's benefits for retirement purposes, within acceptable parameters of risk and diversity.

Our minimum objective for every Private Super Fund is to achieve an average annual growth in each member's benefits, for the life of their Fund, which exceeds the increase in the consumer price index for that period.

Investment strategy

It is a legal requirement for us to formulate, and give effect to, an effective investment strategy for your Fund.

To give you the flexibility to help you achieve your investment goals, we provide five model investment strategies for you to choose. When formulating the strategies, we take into account the following factors:

- the expected risk and return of each investment
- the existing assets of the Fund
- diversification of investments
- liquidity and cash flow requirements, and
- current and future liabilities.

Benchmark asset allocation and investment guidelines apply to each investment strategy. During the year as part of our commitment to provide products that meet our clients' needs we made changes to the investment strategies and asset classes. The benchmark asset allocation and investment guidelines for each of the five model investment strategies are outlined below. If you would like a copy, please call us on 1800 254 180 or visit our website www.aetmyportfolio.com.au

Strategy 1: Conservative

- Risk – Low
- Time horizon – 1 year
- Objective – To achieve stable growth by accumulating and re-investing the interest income
- Performance benchmark – Consumer price index +1%
- Suitability – This strategy is designed to suit the more conservative investor. It can be appropriate where high liquidity is required or where the Fund will have a short life span. There will generally be little or no capital appreciation.

Investment strategy	
Asset class	Allowable range (%)
Income investments ¹	80-100
Growth investments ²	0-20
Investment guidelines	
Investment rating	Maximum in any one investment (%)
Highly speculative	0
Speculative	5
Cautious	10
Non-speculative	25
Investment allocations	
	Maximum in portfolio (%)
Growth assets	20
Speculative investments	5

Strategy 2: Moderately conservative

- Risk – Low to medium
- Time horizon – More than 2 years
- Objective – To achieve steady growth by accumulating and re-investing the interest income
- Performance benchmark – Consumer price index +2%
- Suitability – This strategy is less conservative than the ‘conservative’ strategy (strategy 1) but the potential for capital appreciation is still relatively low. Any growth will come mainly from the accumulation of income.

Investment strategy	
Asset class	Allowable range (%)
Income investments ¹	55-85
Growth investments ²	15-45
Investment guidelines	
Investment rating	Maximum in any one investment (%)
Highly speculative	0
Speculative	5
Cautious	10
Non-speculative	25
Investment allocations	Maximum in portfolio (%)
Growth assets	45
Speculative investments	5

Strategy 3: Balanced

- Risk – Medium
- Time horizon – More than 3 years
- Objective – To achieve a moderate level of income accumulation and medium capital growth over the longer term with moderate liquidity
- Performance benchmark – Consumer price index +3%
- Suitability – This ‘balanced’ strategy is designed to produce a moderate level of income accumulation and medium capital growth over the longer term and should also provide moderate liquidity.

Investment strategy	
Asset class	Allowable range (%)
Income investments ¹	35-65
Growth investments ²	35-65
Investment guidelines	
Investment rating	Maximum in any one investment (%)
Highly speculative	0
Speculative	5
Cautious	10
Non-speculative	25
Investment allocations	Maximum in portfolio (%)
Growth assets	65
Speculative investments	15

Strategy 4: Balanced to moderate growth

- Risk – Medium to high
- Time horizon – 5 years
- Objective – To achieve stronger capital growth over the long term with provision for some liquidity and income accumulation.
- Performance benchmark – Consumer price index +4%
- Suitability – The balanced to moderate growth strategy is designed to achieve stronger capital growth over the long term. There is still provision for some liquidity and an income accumulation capability to enable the account to meet its ongoing commitments.

Investment strategy	
Asset class	Allowable range (%)
Income investments ¹	15-45
Growth investments ²	55-85

Investment guidelines	
Investment rating	Maximum in any one investment (%)
Highly speculative	0
Speculative	10
Cautious	10
Non-speculative	25

Investment allocations	
	Maximum in portfolio (%)
Growth assets	85
Speculative investments	25

Strategy 5: Growth

- Risk – High
- Time horizon – More than 5 years
- Objective – To achieve capital growth over the medium to long term
- Performance benchmark – Consumer price index +5%
- Suitability – Considerable volatility may be experienced over the short term. The strategy has a greater focus on share securities (listed and unlisted) and property and investors should therefore be aware there are greater risks involved.

Investment strategy	
Asset class	Allowable range (%)
Income investments ¹	1-25
Growth investments ²	75-99

Investment guidelines	
Investment rating	Maximum in any one investment (%)
Highly speculative	0
Speculative	10
Cautious	10
Non-speculative	25
Property	70

Investment allocations	
	Maximum in portfolio (%)
Growth assets	99
Speculative investments	25

Notes:

- 1 Income investments include – cash, Australian fixed interest and international fixed interest.
- 2 Growth investments include – Australian shares, international shares, property and others.

Once an investment strategy has been selected, we monitor your Fund to ensure that it stays within the investment strategy guidelines.

Trustee details

The Trustee of your Fund during the reporting period was:

Trustee	Australian Executor Trustees Limited
ABN	84 007 869 794
AFSL No	240023
RSE Licence No	L0002554

During the year, the Board of Directors of the Trustee company were:

Name	Position	How and by whom appointed
Christopher Kelaher	Director	Appointed by Resolution of Directors
Ian Griffiths	Director	Appointed by Resolution of Directors
George Venardos	Director	Appointed by Resolution of Directors
Ian Blair	Director	Appointed by Resolution of Directors
Jane Harvey	Director	Appointed by Resolution of Directors
Roger Sexton	Director	Appointed by Resolution of Directors

James Pfeiffer resigned as a Director on 30 June 2011.

Trustee indemnity

Generally, the Trustee is entitled to be indemnified from the assets of your Fund against any personal liability for loss or damage incurred by your Fund, except where the Trustee has failed to act honestly or failed to exercise the degree of care and diligence that it was required to exercise.

Trustee indemnity insurance has been taken out by the Trustee.

Trustee penalties

No penalties were imposed on the Trustee during the reporting period.

Management details

The Trustee has made the following specialist appointments to manage the overall operation of your Fund:

Administrator	Australian Executor Trustees Limited GPO Box 546 Adelaide SA 5001
Auditor	KPMG 151 Pirie St Adelaide SA 5000
Tax agents	Australian Executor Trustees Limited GPO Box 546 Adelaide SA 5001

Enquiries and complaints

If you have any questions or a complaint, please:

- call us on **1800 254 180**
- write to us at:

Australian Executor Trustees Limited
Enquires and Complaints Officer
GPO Box 546
Adelaide SA 5001

We will acknowledge receipt of your complaint within five business days and will normally respond in more detail within 28 days. Some complaints however, can be more complex than others and may take longer to resolve. If that is the case we will keep you informed of our progress. If, however, you have complained to us and your complaint has not been resolved to your satisfaction within 90 days, you have the option of contacting the Superannuation Complaints Tribunal (SCT), an independent complaints handling body.

The SCT may be able to help you to resolve your complaint, but only after you have made use of our dispute resolution procedures.

The SCT will first attempt to resolve the matter through conciliation, which involves assisting both parties to come to a mutual agreement. If the matter cannot be resolved by conciliation, the SCT has the power to either overturn the Trustee's decision or to confirm the Trustee's decision.

To find out whether the SCT can handle your complaint, and the type of information you need to provide, you can call the SCT from anywhere in Australia on 1300 884 114 between 9am and 5pm (Eastern Standard Time) or write to:

Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001

Significant benefits

The significant benefits of your Fund are as follows:

- retirement benefits at normal retirement age (age 65)
- any early retirement benefits (from age 55)
- any total and permanent disablement benefits
- any temporary disability benefits
- any leaving service benefits (resignation or termination of employment) and
- any death benefits.

The benefits specified above will generally be the sum of your accumulation account. In the event of death or disability, an additional amount representing the proceeds of insurance (if any) may be included.

Payment of the benefits listed above depends on compliance with relevant legislation and satisfaction of the required condition of release.

The benefit amounts in your annual member statement are shown as at 30 June 2011. The benefit amount may change. Upon request, we will give you any information you reasonably require to understand your benefit entitlements.

Death cover continuation option

Your Fund allows you to enter into personal insurance policies. If you have insurance coverage within your Fund, and you leave your current employment or close your Fund, you may be able to continue your insurance cover under a personal policy without the need for further medical examination.

Your elected insurer may provide an option to continue cover with automatic acceptance or limited underwriting requirements. You will need to contact your insurer about any continuation option.

Eligible rollover fund

We may transfer your benefit to an eligible rollover fund (ERF) without your consent if:

- we are required to pay your benefit but we are unable to pay it to you or at your direction, or
- we lose contact with you.

During the reporting period, the ERF for the Fund was the SMF Eligible Rollover Fund.

If we transfer your benefit to the ERF:

- your Fund membership and your insurance cover under the Fund (if any) will cease
- you will become a member of the ERF
- you will need to apply directly to the ERF for your benefits
- you will not be able to make contributions to the ERF, and
- you will not be able to choose your investment strategy.

Generally, members' accounts are protected from erosion by administration fees and any direct fees deducted from your account. In an ERF, fees will not generally exceed the earnings credited to your account in any annual reporting period.

For more information about the SMF Eligible Rollover Fund, including a copy of the product disclosure statement, please call SMF ERF directly on 1800 677 306, visit their website at www.smf.com.au or write to:

Fund Administrator
SMF Eligible Rollover Fund
GPO Box 529
Hobart TAS 7001

In accordance with superannuation law, we may pass on any relevant personal information required by the ERF to establish your account.

Nominating beneficiaries

The beneficiary nominations you make do not expire and the Trustee will pay the benefit in accordance with your nomination, unless a nominated beneficiary is not a dependant at the time of your death. If you would like to make or amend a nomination, please complete the 'Change of nominated beneficiary form' available from our website at www.aetmyportfolio.com.au and forward it to us.

In the event of your death, where you do not have a nomination, or your nomination is ineffective for any reason, your benefits will be paid to your legal personal representative.

Non-residents

Unlike self-managed superannuation funds, it may be possible to include non-Australian resident members in your Fund without affecting its complying status. If you or any member of your Fund becomes a non-Australian resident you must inform the Trustee immediately.

Other information

The Fund is governed by a Trust Deed, a copy of which is available on request. If you require further information or clarification about any aspect of your Fund membership, please contact us on **1800 254 180**.

Financial information about your fund

Allocation of Fund earnings

Any earnings from your chosen investments are paid to your Fund and reflected in your account balance. All Fund assets are held in trust and separate accounts are maintained for each member. Our administration services will collect all Fund income and record capital gains.

The member benefit statement which is included in your annual fund package shows the annual net effective earning rates for your account for the last ten years (or for the period of your membership if that is shorter).

Asset allocation

The 'Portfolio comparison report' (included in your annual fund package) shows the asset allocation of your Fund immediately before the beginning of the reporting period and at the end of the reporting period. The values shown at the beginning of the reporting period in your portfolio comparison report are carried forward from the previous day and are unaudited.

Member benefit protection standards

The member benefit protection standards limit the administration costs to the amount of the investment return. These limits apply only to members:

- who have an account balance which includes mandated employer contributions (for example superannuation guarantee contributions) and
- who have an account balance which is less than \$1,000 or are uncontactable or meet the definition of a 'lost' member.

Illiquid investments

Illiquid investments are investments that have low liquidity and invest in more complex asset types that undertake pricing on a monthly basis or longer. Examples of illiquid investments may include:

- capital guaranteed funds
- certain property funds
- hedge funds
- private equity
- structured funds, and
- unlisted unit trusts.

Generally, when we receive instructions to transfer your superannuation benefits we have 30 days to implement your request. An illiquid investment within your Fund may prevent us from processing your transfer request within the 30 day timeframe due to delays in receiving the sale proceeds from these investments.

Derivative securities

A derivative is a financial contract, the value of which depends on, or is derived from, assets, liabilities or indices (the underlying assets). Derivatives include a wide assortment of instruments, such as:

- forwards
- futures
- options
- swaps, and
- warrants.

Your Fund may invest in derivatives that we have rated and approved for Fund use.

The derivatives charge ratio is the market value of the assets of your Fund (other than cash) that are subject to a charge as security for the derivatives investments within your Fund, and is expressed as a percentage of the total market value of all of the assets of your Fund. If the derivatives charge ratio of your Fund exceeded 5 per cent at any time during the reporting period we have included a derivatives charge ratio notice in your annual fund package stating the following:

- the derivatives charge ratio at the end of the reporting period
- the highest derivatives charge ratio attained during the reporting period
- an explanation of why the derivatives charge ratio exceeded 5 per cent, and
- an explanation of the meaning of derivatives charge ratio.

Contributions

As a consequence of your membership, contributions may be made to the Fund by you, your employer, your spouse, the Government or the Australian Taxation Office.

Your employer may be required to make contributions to the Fund, to satisfy the requirements of the superannuation guarantee, Federal or State Awards, or employment agreements such as salary sacrifice arrangements you have made with your employer and voluntary contributions withheld from your salary or wages at your request.

There is currently no minimum limit on the amount of contributions that can be made. However, maximum limits do apply to the amount of contributions that you or your employer may claim as a tax deduction, or that will be eligible for other tax concessions.

Taxation of superannuation contributions

Generally, your concessional contributions will be taxed up to 15 per cent, however, the amount of tax may be more if you receive concessional contributions to your Fund in excess of the relevant concessional contribution cap. Any non-concessional contributions that exceed the relevant non-concessional contribution cap are taxable at 46.5 per cent.

For further general information about the taxation of superannuation contributions, please refer to the Private Super Fund product disclosure statement, which is available from our website at www.atelyportfolio.com.au. If you have any queries on how the taxation of superannuation contributions affects you, please speak to your financial adviser.

Taxation of superannuation benefits

Different taxation treatment applies depending on whether you take your superannuation benefits as a lump sum or pension as well as your age. If you receive a pension, the pension income may itself be subject to tax if you are under age 60. If you are aged 60 or over, any lump sum or income stream from your pension will be paid to you tax-free.

Please refer to our product disclosure statement for further general information. For information on how the taxation of superannuation benefits affects you, please speak to your financial adviser.

Management of earnings reserves

We do not maintain earnings reserves on behalf of your Fund.

Audited Fund financial statements

Superannuation legislation requires us to produce certain minimum accounting statements for your Fund each year and have these statements audited by a qualified auditor.

The Auditor's Report is now available on request and the abridged financial statements are included in your annual fund package.