

Annual Report for the period starting  
1 July 2019 and ending 30 June 2020

## **PremiumChoice Retirement Service**

**Preparation date:** 7 December 2020

**Issued by:** The Trustee, NULIS Nominees  
(Australia) Limited

ABN 80 008 515 633 AFSL 236465

for PremiumChoice Retirement Service  
(the Service) ABN 70 479 285 132



This is the Annual Report for the  
PremiumChoice Retirement Service.

# Contents

<b>A year in review</b>	<b>4</b>
<b>Looking out for your interests</b>	<b>6</b>
<b>About your account value</b>	<b>7</b>
<b>Some things you should know</b>	<b>8</b>
<b>How your money is invested</b>	<b>10</b>
<b>Financial Report</b>	<b>12</b>

The Trustee is part of the National Australia Bank Group of Companies. An investment with the Trustee is not a deposit with or liability of, and is not guaranteed by, National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 (NAB). References within the Annual Report to 'we', 'us' or 'our' are references to the Trustee, unless otherwise stated.

# A year in review

There is no doubt COVID-19 has presented new challenges to Australia's economy following the devastating bushfires across south east Australia, and drought conditions. The Australian economy is in recession and company earnings in Australia and around the world have been severely impacted.

Going forward, we think the economic uncertainty will persist until either the virus is contained, or an available and affordable vaccine is developed. How the pandemic could evolve from here dominates the economy in Australia and abroad.

We provide a choice of investment managers that seek to manage risks while at the same time take advantage of potential return opportunities. We remain vigilant through this highly unusual and challenging investment environment – working hard to help our members save enough for retirement.

We're also ensuring that members facing financial hardship due to COVID-19 can access their super early, supporting them through tough times.

In terms of day to day operations, we've taken steps to be more transparent about the way we charge our fees across several products.

Here's some of the changes we've made over the past 12 months:

## **Core Investment List**

This year saw us launch the new Core Investment List. This feature gives our members access to a focused range of quality investment options with a simple new administration fee structure. This new fee structure can be cost effective and the new investment feature provides more choice for members. When 100% invested in options on the Core Investment List, members can make an election to move into this new feature and have access to the simpler fee structure.

## **Early release program**

The Government temporarily changed the rules around accessing super to help our members facing financial hardship due to COVID-19. We are absolutely committed to ensuring eligible members can take advantage of the early release of their super. This has enabled us to help our members access:

- \$10,000 of their super before 1 July 2020, and
- a further \$10,000 from 1 July 2020 to 31 December 2020.

Between 20 April 2020 and 16 October 2020, we've been able to help 100 members facing financial hardship due to the pandemic. In that period the total withdrawal amount has been over \$949,000, with the average withdrawal amount being \$9,490.

## **Changes to minimum pension payments**

For members with Account-based pensions, Transition to Retirement pensions and/or Growth pensions, there's a temporary reduction in the minimum drawdown rates for the 2019/20 and 2020/21 financial years. Members will only need to withdraw half the default minimum drawdown amount. With market prices under pressure, this measure will help retirees by reducing their need to sell investments, in order to meet the minimum drawdown requirements.

Despite volatile investment markets and the substantial level of withdrawals, the Service was able to meet members' urgent requests for withdrawals through this challenging period.

# A year in review

## The year ahead

We've always sought improvements for our members and we plan to continue this going forward. It is important that we ensure our products are provided on the basis that they are appropriate for our members. We'll also prioritise changes to products that lead to improved outcomes.

NAB has been preparing to separate its wealth management division and on 31 August 2020, NAB agreed to sell to wealth manager IOOF. This transaction includes all of NAB's superannuation and investment businesses, along with certain advice and asset management businesses. The transaction is subject to regulatory approval from the Australian Prudential Regulation Authority (APRA) and the Australian Competition and Consumer Commission (ACCC). With approval, the transaction is expected to complete before 30 June 2021. We'll communicate more details with you as they become available.

Your financial wellbeing is important to us. So, it's vital that we are ready for events like COVID-19, which cause high levels of economic and business uncertainty. Whether you're at the start of your career or looking forward to retirement, we are ready to help and guide you towards your financial goals.

We're looking forward to the next 12 months and we're grateful for your continued support.



**Peter Promnitz**

Chair

NULIS Nominees (Australia) Limited

# Looking out for your interests

The directors of the Trustee Board have a variety of work and life experiences which help them represent and look out for your interests.

Made up of non-executive directors, the Trustee Board is responsible for the management and performance of the Service.

The Trustee Board has professional indemnity insurance. And the Trustee has appointed its related company, National Wealth Management Services Limited ABN 97 071 514 264, to carry out the day-to-day functions of the Service.

## Meet the Board

The directors are:

### **Peter Promnitz (Chair)**

BSc (Mathematics and Statistics) (University of Adelaide), FAICD, FIAA

### **Andrew Gale**

MBA (Macquarie University), B Arts (Actuarial) (Macquarie University), FAICD, FIAA

### **Terry McCredden**

BCom (Hons) (University of Melbourne)

### **Kathryn Watt**

MCorp&SecLaw (University of Melbourne), MTS (Trinity College), BA (University of Melbourne), LLB (University of Melbourne)

### **Beth McConnell**

MCommrclLaw (University of Melbourne), BCom (University of Melbourne), LLB (Hons) (University of Melbourne), Dip SM (Macquarie University), GAICD

### **Karina Kwan**

BEd (University of Sydney), GradDip Applied Finance (FINSIA), Fellow, CPA Australia, GAICD

### **Steve Schubert**

BSc (Applied Mathematics & Physics) (Monash University), FIAA, GAICD (Order of Merit)

## Trustee director movements

**Beth McConnell** appointed effective 4 December 2019.

**Karina Kwan** appointed effective 4 December 2019.

**Kathryn Watt** appointed effective 4 December 2019.

**Steve Schubert** appointed effective 4 December 2019.

**Peggy O'Neal** retired effective 31 March 2020.

## Operational Risk Financial Reserve (Reserve)

The Government requires superannuation fund trustees to hold adequate financial resources (Reserve) to cover any losses that members incur due to operational errors. The Reserve has been established in full by our capital (via equity contributed from our ultimate shareholder, NAB). If the Reserve falls below our targets, we propose to fund the shortfall through our own capital, rather than seeking contributions from members. This means that we don't currently require members to contribute to the Reserve, but members will be notified if this changes in the future. As the Reserve is held by us, it isn't reported in the financial statements of the Service.

The balance of the Reserve at the end of the last 3 financial years is summarised below:

- 30 June 2020: \$281M
- 30 June 2019: \$279M
- 30 June 2018: \$269M

# About your account value

## How earnings are reflected in your account

Income from investments will be in the form of capital growth, dividends, interest and distributions that occur at different times throughout the year.

Please refer to the relevant investment's disclosure document and the Australian Securities Exchange (ASX) (for listed securities) for details. Income received is usually net of fees and charges.

Income distributions will be allocated to your Cash Account after we receive them.

All income distributions must be received as cash as we don't administer dividend and distribution reinvestment plans.

Interest earned on your Cash Account is paid after the end of each quarter.

## How your account is valued

The value of your account is based on:

- prices provided by investment managers multiplied by the number of units held
- prices provided by the Australian Securities Exchange multiplied by the number of shares held
- any term deposits, and
- your Cash Account.

Prices are generally provided daily, however there may be times when we don't receive updated prices. This might happen when shares are delisted or assets can't be valued.

In these circumstances, we may have to use different valuation methods.

You should be aware that your account balance doesn't include the tax impact of any unrealised gains or losses that may arise if you request a withdrawal.

# Some things you should know

## Transfers to the Australian Taxation Office (ATO)

The law and rules defining the transfer of unclaimed superannuation money to the ATO can be viewed at [ato.gov.au](http://ato.gov.au)

In summary, we're generally required by law to transfer your account to the ATO if any of the following occurs:

- your account balance is less than \$6,000 and either:
  - no contributions or rollovers have been made to your account for 12 months, you haven't otherwise contacted the Service for 12 months and we have no way of contacting you, or
  - you've been a member of the Service for more than 2 years, your account was set up through your employer sponsor, and there have been no contributions or rollovers made to your account for over 5 years,
- you're over 65, contributions haven't been made to your account for over 2 years, you haven't contacted us for at least 5 years, and we haven't been able to contact you,
- the ATO informs us that you were a former temporary resident and left the country over six months ago, or
- upon your death, where no contributions have been made for at least 2 years, and after a reasonable period of time, we've tried but haven't been able to identify or contact the beneficiary of your account.

We're also required to transfer your super balance to the ATO if your account remains inactive for a period of 16 months or more, and the balance is less than \$6,000. Your account is considered inactive if you haven't made any additional contributions or certain changes to it over that time including:

- had contributions or rollovers from other super funds paid into your account
- changed your investment options or strategy

- changed or elected to cancel your insurance cover (where your insurance is held within your super account), or
- made or amended a binding beneficiary nomination.

There may be other circumstances in which we need to transfer your account to the ATO.

If your account is transferred to the ATO, you can contact them on **13 10 20** to claim your benefit.

## Special rules for temporary residents

If you're a temporary resident and your visa has expired and you leave Australia permanently, you may be able to claim the superannuation you hold with us as a Departing Australia Superannuation Payment. Withholding taxes may apply to the lump-sum payment. However, if you don't make a claim within six months of your visa expiring or your departure from Australia (whichever happens last), we may be required to transfer your superannuation to the ATO as unclaimed super. In these circumstances, relying on relief from ASIC, we're not required to notify you or give you an exit statement and you'll need to contact the ATO directly to claim your superannuation. For more information go to [ato.gov.au](http://ato.gov.au)

# Some things you should know

## Illiquid investments and portability

When you ask us to roll over or transfer all or part of your account balance, we're generally required to process your request within 3 business days. There may be a delay in processing your request where part of your account balance is invested in an 'illiquid investment'.

### What is an illiquid investment?

An investment is considered illiquid when you're unable to access your investment within the required timeframes or, if you do, it would be at a materially lower price. This situation may arise when:

- a fund manager suspends transactions or closes their fund
- the normal redemption processing timeframe for a fund is greater than the required timeframe, or
- a listed investment is under administration, suspended or delisted.

Where we're unable to process your request within the required timeframe, we'll notify you or your financial adviser of this and provide details of the illiquid investments.

### Suspended or terminated managed funds

Some investment managers suspend redemptions on their funds.

In some cases the managed fund may have been closed.

If you have some of these investments, we've already notified you about these changes.

You can find a summary of these managed funds, including details of their current status, at [investinfo.com.au/premiumchoice](https://investinfo.com.au/premiumchoice)

## Insurance in Superannuation Voluntary Code of Practice (Code of Practice)

We're committed to helping members better understand and manage their insurance in super to make sure they have insurance cover that's right for them.

That's why we're on board with the Code of Practice. It's aimed at providing greater transparency for members and consistency of information and processes across the super industry.

### Resolving complaints

If you have a complaint, we can usually resolve it quickly over the phone on **1300 880 054**, or if you'd prefer to put your complaint in writing you can email us or send us a letter. We'll conduct a review and provide you a response in writing. For more information, visit [investinfo.com.au/premiumchoice](https://investinfo.com.au/premiumchoice)

If you're not satisfied with our resolution, or we haven't responded to you in 90 days, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA).

AFCA provides an independent financial services complaint resolution process that's free to consumers. You can contact AFCA in writing to **GPO Box 3, Melbourne, VIC 3001**, at their website ([afca.org.au](https://afca.org.au)), by email at [info@afca.org.au](mailto:info@afca.org.au), or by phone on **1800 931 678** (free call).

If you have a complaint about financial advice you receive, you should follow the complaint resolution process explained in the Financial Services Guide provided by your financial adviser.

# How your money is invested

The investment objective of the Service is to give you a wide choice of investment options from which you and your financial adviser can select investment strategies to suit your investment needs.

You can choose investments from:

- over 350 managed investments
- over 500 ASX listed investments, such as direct shares, and exchange traded funds
- a variety of term deposits, and
- a Separately Managed Account (SMA) providing access to a range of direct share and multi-asset portfolios.

If you haven't chosen a particular investment option, or your instructions aren't clear, your money will be retained in your Cash Account until we receive a clear instruction.

The full list of investment options is contained in the **Investment List**. For specific information on an investment option, please refer to the company information or the relevant disclosure document for that investment option. All these documents are available from your financial adviser or on our website.

No matter your type of investment, it's important to remain informed about changes to the underlying investment option. You can find investment manager updates at [investinfo.com.au/premiumchoice](https://investinfo.com.au/premiumchoice). You also need to make sure you have an up-to-date Product Disclosure Statement (PDS) for any investments you have selected, as additional units may be purchased over time.

You can access these PDSs at [investinfo.com.au/premiumchoice](https://investinfo.com.au/premiumchoice)

## Performance information

For actual performance of your account in the PremiumChoice Retirement Service for the year ended 30 June 2020, please refer to your Annual Statement.

For more recent performance information, you may access this on the website or by calling us.

## Asset allocation and large investments

The breakdown of assets held in the Service is determined at an individual member level. Further information about your actual asset allocation can be found in your Annual Statement.

As at 30 June 2020, the PremiumChoice Retirement Service held the following assets with a value of greater than 5% of the Service's total assets:

- Magellan Global Fund - 5.5%
- NAB – 12.0%<sup>1</sup>

<sup>1</sup> This holding consists of:

- Cash - 8.5%
- Term deposits - 2.4%
- Direct shares - 0.8%
- SMA shares - 0.2%
- Fixed interest securities - 0.1%

# How your money is invested

## Derivatives

Derivatives may be used in any of the investment options.

Derivatives are contracts that have a value derived from another source such as an asset, market index or interest rate. There are many types of derivatives including swaps, options and futures. They are a common tool used to manage risk or improve returns.

Some derivatives allow investment managers to earn large returns from small movements in the underlying asset's price. However, they can lose large amounts if the price movement in the underlying asset is unfavourable.

Risks particular to derivatives include the risk that the value of a derivative may not move in line with the underlying asset, the risk that counterparties to the derivative may not be able to meet payment obligations and the risk that a particular derivative may be difficult or costly to trade.

Investment managers have derivatives policies which outline how derivatives are managed.

How investment managers invest in derivatives is included in their **PDS**, available at [investinfo.com.au/premiumchoice](https://investinfo.com.au/premiumchoice)

# Financial Report

The following abridged financial information for the financial year ended 30 June 2020 is for the PremiumChoice Retirement Service.

The assets for the PremiumChoice Retirement Service are \$451.5 million.

Please call us if you wish to receive a printed copy of the full audited financial statements and auditor's report.

# Financial Report

## PremiumChoice Retirement Service Abridged Financial Information – Statement of Financial Position

As at 30 June 2020

	2020 \$'000	2019 \$'000
<b>Assets</b>		
Cash and cash equivalents	38,391	42,324
Term deposits	15,108	29,345
Outstanding settlements	300	253
Other receivables	-	2
Investments measured at fair value		
Listed equities	45,661	36,666
Separately Managed Accounts	17,739	24,701
Unlisted unit trusts	334,315	319,838
<b>Total assets</b>	<b>451,514</b>	<b>453,129</b>
<b>Liabilities</b>		
Outstanding settlements	137	134
Other payables	583	577
Income tax payable	446	779
Deferred tax liabilities	299	3,564
<b>Total liabilities excluding member benefits</b>	<b>1,465</b>	<b>5,054</b>
<b>Net assets available for member benefits</b>	<b>450,049</b>	<b>448,075</b>
<b>Member benefits</b>		
Allocated to members	450,145	451,649
Unallocated contributions	460	683
<b>Total member liabilities</b>	<b>450,605</b>	<b>452,332</b>
<b>Total net liabilities</b>	<b>(556)</b>	<b>(4,257)</b>
<b>Equity</b>		
Investment reserve	556	498
Not yet allocated to members	(1,112)	(4,755)
<b>Total equity</b>	<b>(556)</b>	<b>(4,257)</b>

# Financial Report

## PremiumChoice Retirement Service Abridged Financial Information – Income Statement

For the year ended 30 June 2020

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Superannuation activities</b>		
Rebates	33	39
Interest	1,206	1,891
Dividends	1,333	1,350
Distributions from unit trusts	16,918	19,807
Changes in investments measured at fair value	(25,588)	9,535
<b>Total superannuation activities (losses)/income</b>	<b>(6,098)</b>	<b>32,622</b>
Investment expenses	25	16
Administration fees	5,887	5,912
<b>Total expenses</b>	<b>5,912</b>	<b>5,928</b>
<b>Net result from superannuation activities</b>	<b>(12,010)</b>	<b>26,694</b>
<b>(Loss)/Profit from operating activities</b>	<b>(12,010)</b>	<b>26,694</b>
(Add)/Less: Net benefits allocated to members' accounts	(12,127)	27,321
<b>Profit/(Loss) before income tax</b>	<b>117</b>	<b>(627)</b>
Income tax (benefit)/expense	(3,584)	2,033
<b>Profit/(Loss) after income tax</b>	<b>3,701</b>	<b>(2,660)</b>

# Financial Report

## PremiumChoice Retirement Service Abridged Financial Information – Statement of changes in member benefits

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
<b>Opening balance of member benefits as at 1 July 2019</b>	451,649	437,876
<b>Contributions:</b>		
Employer	7,883	8,332
Member	8,945	8,972
Transfer from other superannuation entities	33,484	13,531
Transfer to other superannuation entities	(20,493)	(26,095)
Income tax on contributions	(706)	(566)
<b>Net after tax contributions</b>	29,113	4,174
Benefits to members/beneficiaries	(17,943)	(16,621)
Insurance premiums charged to members' accounts	(1,047)	(1,101)
Death and disability benefits credited to members' accounts	500	-
<b>Benefits allocated to members' accounts comprising:</b>		
Net investment income	(6,246)	33,290
Administration fees	(5,881)	(5,969)
<b>Closing balance of member benefits as at 30 June 2020</b>	450,145	451,649

# Financial Report

## PremiumChoice Retirement Service Abridged Financial Information – Statement of changes in reserves

For the year ended 30 June 2020

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Opening balance of investment reserve</b>	498	523
Profit/(loss)	58	(25)
<b>Closing balance of investment reserve</b>	<b>556</b>	<b>498</b>

# Financial Report

## PremiumChoice Retirement Service Abridged Financial Information – Statement of cash flows

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>		
Rebates	33	39
Interest	1,208	1,891
Dividends	1,333	1,350
Distributions	16,918	19,807
Insurance premiums	(1,047)	(1,101)
Investment expenses	(25)	(16)
Administration fees	(5,881)	(5,969)
Income tax (paid)/received	(14)	588
<b>Net cash flows from operating activities</b>	<b>12,525</b>	<b>16,589</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	160,612	149,699
Purchases of investments	(188,517)	(156,517)
<b>Net cash flows from investing activities</b>	<b>(27,905)</b>	<b>(6,818)</b>
<b>Cash flows from financing activities</b>		
Employers' contributions	7,660	8,471
Members' contributions	8,945	8,972
Transfer from other superannuation plans	33,484	13,531
Transfer to other superannuation plans	(20,493)	(26,095)
Death and disability benefits credited to members' accounts	500	-
Benefits to members/beneficiaries	(17,943)	(16,621)
Income tax on contributions	(706)	(566)
<b>Net cash flows from financing activities</b>	<b>11,447</b>	<b>(12,308)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,933)</b>	<b>(2,537)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>42,324</b>	<b>44,861</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>38,391</b>	<b>42,324</b>

This page has been left blank intentionally.



For more information call us from anywhere in Australia on **1300 880 054** or contact your financial adviser.

**Postal address**

GPO Box 1610  
Melbourne VIC 3001

**Registered office**

Ground Floor, MLC Building  
105–153 Miller Street  
North Sydney NSW 2060

[investinfo.com.au/premiumchoice](https://investinfo.com.au/premiumchoice)