

Annual Report for the period starting
1 July 2020 and ending 30 June 2021

PremiumChoice Retirement Service



Preparation date: 13 December 2021
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

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

This document has been prepared on behalf of NULIS Nominees (Australia) Limited, ABN 80 008 515 633, AFSL 236465 (NULIS) as Trustee of PremiumChoice Retirement Service, ABN 70 479 285 132. NULIS is part of the group of companies comprising Insignia Financial Ltd, ABN 49 100 103 722 and its related bodies corporate (Insignia Financial Group).

The information in this document is general in nature and doesn't take into account your objectives, financial situation or individual needs. Before acting on any of this information you should consider whether it is appropriate for you. You should consider obtaining financial advice before making any decisions based on this information.

References to 'we', 'us' or 'our' are references to the Trustee, unless otherwise stated.

Subject to super law, the final authority on any issue relating to your account is the Service's Trust Deed, and the relevant insurance policy, which governs your rights and obligations as a member.

Past performance is not a reliable indicator of future performance.

Any projection or other forward looking statement ('Projection') in this document is provided for information purposes only. No representation is made as to the accuracy or reasonableness of any such Projection or that it will be met. Actual events may vary materially.

An online copy of this document is available at investinfo.com.au/premiumchoice

A year in review

The 2021 financial year saw some remarkable changes for us, the superannuation industry and the global economy. While these included some challenges, (especially with COVID-19 affecting parts of everyday life), we've taken the 2021 financial year as an opportunity to improve the way we do things, allowing us to be there for our members, especially during times of change.

Even with the COVID-19 virus remaining a global threat, we witnessed very strong growth in share markets, offsetting losses from the March 2020 quarter when the pandemic first spread across the world. Government and central bank support and the development of several vaccines in late 2020 boosted confidence in the economic recovery.

Members that remained invested in growth assets, despite their investment values falling during the share market volatility in the March 2020 quarter, will have participated in the recovery, resulting in great performance returns for the 2021 financial year.

Despite vaccination rates progressing across countries, the emergence of COVID-19 variants such as the highly infectious 'Delta' strain means that Australia and the world has some way to go before returning to 'normal'.

As we enter the 2022 financial year, the investment environment presents some uncertainties ahead. These include high share market valuations, low returns from cash and fixed income, an uncertain inflationary outlook, and the persistent risks from new COVID-19 variants. It is possible investment markets and returns may experience periods of volatility. When investing, members always need to be prepared for periods when their investment values may fluctuate and short-term returns weaken. At these times, we encourage members to focus on their long-term returns to give their investments time to recover.

No matter what the future holds, we continue to offer a range of professionally-managed investment options and solutions to support members in reaching their financial and retirement goals.

From the call centre representatives to the administration staff, and the leadership team, we've moved to a new norm of supporting our members while working from home. This seamless and successful transition has enabled us to continue delivering the services and benefits that our members rely on. Despite the changes, we are always ready to help you.

We became part of the IOOF Group (now known as Insignia Financial Group) on 1 June 2021, after the sale from National Australia Bank was completed. As a result of the sale, Insignia Financial Group is one of the largest providers of super, advice and investment in Australia.



Chairman Peter Promnitz

A year in review

The last financial year saw the release of the Government's *Your Future, Your Super* package. These new reforms aim to make the super system better for our members in four key ways:

- Preventing the creation of multiple unintended super accounts.
- Empowering members by making it easier to compare products through a new website called 'YourSuper'.
- Holding funds to account for product performance through an annual performance test by the Australian Prudential Regulation Authority (APRA).
- Increasing transparency and accountability for how super funds use members' savings.

We'll continue to implement changes to ensure we meet the requirements of the new reforms.

We've introduced further product enhancements, for the benefit of our members. One of the ways we've done this is by increasing the number of family members you can link to your account. Additionally, any rebates received from external investment managers are paid into member accounts. For members in the **Core Investment List**, the selection was expanded to include six multi-asset managed accounts as well as an income focused managed fund.

We're always ready to help and guide you towards your financial goals, and support you wherever possible.



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, MLC Wealth 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

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

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

Steve Schubert

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

Elizabeth Flynn

LLB (University of Melbourne), GradDip Applied Corporate Governance (Chartered Secretaries of Australia), Fellow, FINSIA, Fellow, Governance Institute of Australia, FCIS

Trustee director movements

Elizabeth Flynn appointed 31 May 2021.

Andrew Gale retired effective 30 June 2021.

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 corporate capital contributed by the Trustee and its former ultimate shareholder. If the Reserve falls below our targets, we propose to fund the shortfall through corporate 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 the Trustee, 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 2021: \$288M
- 30 June 2020: \$281M
- 30 June 2019: \$279M

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

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

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

Insurance in Superannuation Voluntary Code of Practice

We previously stated our intent to adopt the Insurance in Superannuation Voluntary Code of Practice (the Code), which was scheduled to come into effect on 1 January 2022.

Since then, most of the elements of the Code have become legislation or been replaced by regulatory reforms. In July 2021, the Code was replaced with guidance notes on claims handling and helping vulnerable members.

We've already implemented many elements of the previous Code to improve our member experience. The new guidance notes will help strengthen our efforts to support those members who need our help.

Resolving complaints

If you have a complaint, we can usually resolve it quickly over the phone on **1300 880 054**. If you'd prefer to put your complaint in writing, you can email us at complaints@investinfo.com.au, or send a letter to **GPO Box 4341, Melbourne, VIC 3001**.

We'll conduct a review and provide you with a response in writing. If you're not satisfied with our resolution, or we haven't responded to you in 45 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 at any time by writing to **GPO Box 3, Melbourne, VIC 3001**, at their website (afca.org.au), by email at info@afca.org.au, or by phone on **1800 931 678** (free call).

To view our complaints management policy, visit investinfo.com.au/premiumchoice

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**. 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**

Performance information

For actual performance of your account in the PremiumChoice Retirement Service for the year ended 30 June 2021, 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 2021, the PremiumChoice Retirement Service held the following assets with a value of greater than 5% of the Service's total assets:

- NAB – 8.86%¹

¹ This holding consists of:

Cash - 6.55%

Term deposits - 0.86%

Direct shares - 0.92%

SMA shares - 0.28%

Fixed interest securities - 0.25%

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

Financial Report

The following abridged financial information for the financial year ended 30 June 2021 is for the PremiumChoice Retirement Service.

The assets for the PremiumChoice Retirement Service are \$535.6 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 2021

	2021	2020
	\$'000	\$'000
Assets		
Cash and cash equivalents	35,073	38,391
Term deposits	6,898	15,108
Outstanding settlements	306	300
Investments measured at fair value		
Listed equities	65,854	45,661
Separately Managed Accounts	20,676	17,739
Unlisted unit trusts	406,812	334,315
Total assets	535,619	451,514
Liabilities		
Outstanding settlements	34	137
Other payables	655	583
Income tax payable	372	446
Deferred tax liabilities	5,622	299
Total liabilities excluding member benefits	6,683	1,465
Net assets available for member benefits	528,936	450,049
Member benefits		
Allocated to members	534,088	450,145
Unallocated contributions	489	460
Not yet allocated to members	(6,226)	(1,112)
Total member liabilities	528,351	449,493
Total net liabilities	585	556
Equity		
Investment reserve	585	556
Total equity	585	556

Financial Report

PremiumChoice Retirement Service Abridged Financial Information – Income Statement

For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
Superannuation activities		
Rebates	51	33
Interest	471	1,206
Dividends	1,367	1,333
Distributions from unit trusts	18,178	16,918
Changes in investments measured at fair value	63,404	(25,588)
Total superannuation activities revenue/(losses)	83,471	(6,098)
Investment expenses	20	25
Administration fees	5,617	5,887
Total expenses	5,637	5,912
Net result from superannuation activities	77,834	(12,010)
Profit/(Loss) from operating activities	77,834	(12,010)
Less/(Add): Net benefits allocated to members' accounts	76,640	(12,127)
Profit before income tax	1,194	117
Income tax expense/(benefit)	6,279	(3,584)
(Loss)/Profit after income tax	(5,085)	3,701

Financial Report

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

For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
Opening balance of member benefits as at 1 July 2020	450,145	451,649
Contributions:		
Employer	7,714	7,883
Member	12,780	8,945
Transfer from other superannuation entities	18,604	33,484
Transfer to other superannuation entities	(14,904)	(20,493)
Income tax on contributions	(686)	(706)
Net after tax contributions	23,508	29,113
Benefits to members/beneficiaries	(15,163)	(17,943)
Insurance premiums charged to members' accounts	(1,042)	(1,047)
Death and disability benefits credited to members' accounts	-	500
Benefits allocated to members' accounts comprising:		
Net investment income	82,185	(6,246)
Administration fees	(5,545)	(5,881)
Closing balance of member benefits as at 30 June 2021	534,088	450,145

Financial Report

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

For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
Opening balance of investment reserve	556	498
Profit	29	58
Closing balance of investment reserve	585	556

Financial Report

PremiumChoice Retirement Service Abridged Financial Information – Statement of cash flows

For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Rebates	51	33
Interest	471	1,208
Dividends	1,367	1,333
Distributions	18,178	16,918
Insurance premiums	(1,042)	(1,047)
Investment expenses	(20)	(25)
Administration fees	(5,545)	(5,881)
Income tax paid	(1,030)	(14)
Net cash flows from operating activities	12,430	12,525
Cash flows from investing activities		
Proceeds from sale of investments	122,542	160,612
Purchases of investments	(146,664)	(188,517)
Net cash flows from investing activities	(24,122)	(27,905)
Cash flows from financing activities		
Employers' contributions	7,743	7,660
Members' contributions	12,780	8,945
Transfer from other superannuation plans	18,604	33,484
Transfer to other superannuation plans	(14,904)	(20,493)
Death and disability benefits credited to members' accounts	-	500
Benefits to members/beneficiaries	(15,163)	(17,943)
Income tax on contributions	(686)	(706)
Net cash flows from financing activities	8,374	11,447
Net decrease in cash and cash equivalents	(3,318)	(3,933)
Cash and cash equivalents at the beginning of the year	38,391	42,324
Cash and cash equivalents at the end of the year	35,073	38,391

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