

# PremiumChoice Retirement Service



## Annual Report 2014

**Preparation date:**

1 November 2014

**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

The Sponsor,

PremiumChoice Portfolio Services Limited

ABN 16 097 636 023 AFSL 241255



This Annual Report is your update on how your money is invested and a reminder of some things you should know.

The Service's Financial Reports are also provided.

This is the Annual Report for the PremiumChoice Retirement Service.

# Contents

<b>A year in review .....</b>	<b>2</b>
<b>Looking out for your interests.....</b>	<b>3</b>
<b>About your account value.....</b>	<b>4</b>
<b>Some things you should know .....</b>	<b>5</b>
<b>How your money is invested .....</b>	<b>8</b>
<b>Financial Report .....</b>	<b>10</b>
<b>How to contact us.....</b>	<b>Back cover</b>

## A year in review

The 2014 financial year was another period of strong performance, particularly for share investors. Very low interest rates meant returns from cash and bonds weren't as strong, but still solid. These robust returns were achieved despite economic challenges and global events that unsettled investment markets from time to time.

While the global economy generally improved, future developments in the global investment environment are uncertain.

We remain committed to giving you the choice and confidence to achieve your investment goals. We continue to refine our investment menu, offering a range of investment options including multi-asset portfolios and single asset class funds managed by a range of investment managers.

With ongoing Government superannuation reforms, market fluctuations, the rising cost of living and increased life expectancy, it's never been more important to regularly review your wealth strategy. This can help ensure you live comfortably now and into your retirement.

Remember, it's never too late to make your super work for you, regardless of your age or current super balance. We're here to help you grow your wealth and save for your retirement. For more information, go to [saveretirement.com.au](http://saveretirement.com.au)



**Nicole Smith**

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 your interests.

Made up of executive and non-executive directors who are personally responsible for any decisions they make, their duties include:

- providing investment choice
- ensuring your interests are maintained, and
- keeping you informed of any changes.

The Trustee Board is liable for its activities and has professional indemnity insurance.

The Trustee Board has appointed Navigator Australia Limited (ABN 45 006 302 987) to carry out the day-to-day administration of the Service.

## Meet the Board

The directors are:

### **Nicole Smith (Chair)**

BFA 1990, CA  
GAICD

### **Michael Clancy**

B Bus (Finance and Economics) 1992  
CFA 1997

### **John Reid**

B Sc Mathematical Physics 1971  
FIA (UK and Australia)

### **Peggy O'Neal**

BA (Virginia) 1973  
JD (Virginia) 1976  
Diploma of Superannuation Management (Macquarie) 1994  
FAICD

### **Trevor Hunt**

B Bus (Accounting and Economics) 1989

### **Evelyn Horton**

Masters of Social Science (Economics) 1995  
B Economics 1986 (ANU)  
GAICD

### **Terry McCredden**

B Comm (Hon) 1977 (University of Melbourne)

## Trustee director movements

**Michael Fitzsimons** retired effective 30 August 2013.

**Richard Rassi** retired effective 30 May 2014.

**Evelyn Horton** was appointed non-executive director effective 28 May 2014.

**Terry McCredden** was appointed non-executive director effective 28 May 2014.

# 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 the 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 full 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 on the ATO website at [ato.gov.au](http://ato.gov.au)

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

- your account balance is less than \$2,000 and
  - no contributions have been made to your account for 12 months and we have no way of contacting you, or
  - your account was set up through your employer and there have been no contributions made for over 5 years
- you're over 65 (male) or 60 (female), no contributions have been made to your account for over 2 years and you haven't contacted us for at least 5 years
- the ATO informs us that you were a former temporary resident and left the country over six months ago, or
- upon your death and after an extended period of time, we've tried but been unable to identify or contact the beneficiary of your account.

The law also requires us to transfer to the ATO the portion payable to your spouse as a result of Family Law ruling, if after an extended period of time we have not been able to contact your spouse, or your spouse's beneficiary/estate.

If your account is transferred to the ATO for any of these reasons, you will then have to contact the ATO on **13 10 20** to claim your benefit.

## Transfers to an Eligible Rollover Fund

We may transfer your account balance to an Eligible Rollover Fund if:

- you haven't made a contribution in the last 12 months and your balance falls below \$2,000, or
- we lose contact with you and can't locate you.

The Eligible Rollover Fund we currently use is the Australian Eligible Rollover Fund and it can be contacted on **1800 677 424**.

We'll advise you in writing to your last known address if we intend to transfer your account balance and will proceed if you don't respond with instructions regarding an alternative super fund.

Please note, a transfer to an Eligible Rollover Fund may be detrimental to you as the Eligible Rollover Fund may have a different fee structure, different investment strategies and may not offer insurance benefits.

## Some things you should know (cont.)

### Surcharge assessment for prior years

The Superannuation Contributions Surcharge (Surcharge) was removed in relation to contributions made from 1 July 2005. However, a Surcharge liability may still arise in respect of relevant contributions made in prior years.

The Surcharge assessment may be sent to the Service, in which case the amount will generally be deducted from your account (unless it's a pension account) and paid to the ATO.

If you've withdrawn your account balance (in whole or part) or commenced a pension, the ATO may send the Surcharge assessment to your new super arrangement or directly to you.

Where you receive the assessment directly, you'll be responsible for paying the Surcharge to the ATO. If you have a pension account, you're generally able to ask us to pay you a lump sum in to order to meet your Surcharge liability.

If you have any questions about the Surcharge please visit the ATO website at [ato.gov.au](http://ato.gov.au) or call **13 10 20**.

### Illiquid investments and portability

When you ask us to roll over or transfer your account balance, we're generally required to respond to this within 3 business days or if you made an investment choice after 1 July 2007, within 30 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 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 your financial adviser of this and provide details of the illiquid investments.

## Some things you should know (cont.)

### **Suspended or terminated managed funds**

Some investment managers have suspended 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, on our website.

### **Resolving complaints**

We can usually resolve complaints over the phone. If we can't, or you're not satisfied with the outcome, please write to us. We'll work to resolve your complaint as soon as possible.

If you're not satisfied with our decision you can get further advice from the Superannuation Complaints Tribunal by calling **1300 884 114**, or emailing **info@sct.gov.au**

More information is available on **sct.gov.au**

# 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 300 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 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 either the Investment Menu or the Investment Allocation Authority. 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.

## Performance information

For actual performance of your account in the PremiumChoice Retirement Service for the year ended 30 June 2014, please refer to your Annual Statement. For more recent performance information, you may access this on the website or by calling us.

## Asset allocation

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

The PremiumChoice Retirement Service as at 30 June 2014 had the following assets that had a value in excess of 5%:

- NAB Professional Funds Account – 9.35%
- Platinum International Fund – 5.32%

## How your money is invested (cont.)

### Derivatives

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 of the underlying asset moves against them.

The Trustee currently permits derivatives to be used for the purposes of the provision of investment protection, hedging, efficient portfolio management, and investment return generation (where consistent with investment objectives).

The Service currently doesn't directly invest in or use financial derivatives except where financial derivatives are acquired as a result of a corporate action in relation to an investment within the Service.

Some of the available investment options may, however, invest in financial derivatives. How investment managers invest in derivatives is included in their Product Disclosure Statement on our website.

# Financial Report

The following abridged financial statements for the financial year ended 30 June 2014 are for the PremiumChoice Retirement Service. The assets for the PremiumChoice Retirement Service are \$347 million.

The full audited financial statements and auditor's report will be available on our website from December 2014.

You can also call us to receive a paper copy.

# PremiumChoice Retirement Service

## Abridged Financial Information – Statement of Financial Position

**As at 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
Cash and cash equivalents	4,060	3,890
<b>Receivables</b>		
Outstanding settlements	457	596
Investment revenue receivable	10,466	4,100
Trade and other receivables	4	9
<b>Investments</b>		
Professional Funds Account	32,466	34,037
Listed shares	30,060	26,607
Separately Managed Accounts	15,085	11,943
Cash Account Income Fund	9,102	9,127
Unlisted unit trusts	221,649	208,341
Term deposits	22,574	21,732
<b>Other</b>		
Income tax receivable	485	459
Deferred tax asset	1,767	3,516
<b>Total assets</b>	<b>348,175</b>	<b>324,357</b>
<b>Liabilities</b>		
Payable - Navigator Australia Limited	489	512
Payable - MLC Limited	258	99
Outstanding settlements	190	419
Trade and other payables	1	3
<b>Total liabilities (excluding net assets available to pay benefits)</b>	<b>938</b>	<b>1,033</b>
<b>Net assets available to pay benefits</b>	<b>347,237</b>	<b>323,324</b>
<i>Represented by:</i>		
<b>Total liability for accrued benefits</b>	<b>347,237</b>	<b>323,324</b>

# PremiumChoice Retirement Service

## Abridged Financial Information – Operating Statement

**For the year ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment revenue</b>		
Rebates	81	106
Dividends	1,240	1,128
Interest	1,763	2,049
Distributions	15,825	9,840
Changes in net market values	19,731	37,009
<b>Net investment revenue</b>	<b>38,640</b>	<b>50,132</b>
<b>Contributions revenue</b>		
Employers' contributions	7,973	8,342
Members' contributions	9,285	8,547
Transfers from other funds	21,474	14,174
Other contributions	935	616
<b>Total contributions revenue</b>	<b>39,667</b>	<b>31,679</b>
<b>Total revenue</b>	<b>78,307</b>	<b>81,811</b>
<b>Expenses</b>		
Management fees	4,412	4,263
Other expenses	1,474	1,268
Insurance premiums	1,074	1,038
<b>Total expenses</b>	<b>6,960</b>	<b>6,569</b>
<b>Benefits accrued as a result of operations before income tax</b>	<b>71,347</b>	<b>75,242</b>
Income tax expense attributed to benefits accrued as a result of operations	1,444	2,030
<b>Benefits accrued as a result of operations</b>	<b>69,903</b>	<b>73,212</b>

# PremiumChoice Retirement Service

## Abridged Financial Information – Cash Flow Statement

**For the year ended 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Employers' contributions received	7,973	8,342
Members' contributions received	9,285	8,547
Other contributions received	933	572
Interest received	1,762	2,050
Distributions received	9,460	9,616
Dividends received	1,240	1,128
Rebates received	78	109
Transfers in received	21,038	13,313
Compensation received	2	45
Management fees paid	(4,337)	(4,252)
Other	(2,478)	(2,161)
Redemptions paid	(37,837)	(43,068)
Pensions paid	(8,156)	(6,890)
Tax received from/(paid to) the ATO	279	(125)
<b>Net cash flows used in operating activities</b>	<b>(758)</b>	<b>(12,774)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(85,894)	(115,781)
Proceeds on sale of investments	86,822	128,810
<b>Net cash flows from investing activities</b>	<b>928</b>	<b>13,029</b>
<b>Net increase in cash and cash equivalents</b>	<b>170</b>	<b>255</b>
Cash and cash equivalents at beginning of the financial year	3,890	3,635
Cash and cash equivalents at end of the financial year	<b>4,060</b>	<b>3,890</b>

## How to contact us

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

**Postal address:**

PremiumChoice Client Services  
GPO Box 1610  
Melbourne Victoria 3001

**Registered office:**

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

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