

**PremiumChoice  
Retirement Service**



**Annual Report 2009/2010**



## Preparation Date: 1 November 2010

You should read this Annual Report with your Annual Member Benefit Statement.

PremiumChoice Retirement Service ('the Service') offers a Superannuation Service and a Pension Service (comprising an Account-based Pension).

### Structure of the Service

The Service is a regulated superannuation fund that is governed by a Trust Deed dated 19 February 2002 as amended ('Trust Deed').

### Trustee and Issuer

NULIS Nominees (Australia) Limited ABN 80 008 515 633 ('NULIS'), Australian Financial Services Licence Number ('AFSL No.')

 236465, is the Trustee of the Service and the issuer of interests in the Service.

In this Report references to 'Trustee', 'we', 'our' and 'us' refer to NULIS Nominees (Australia) Limited.

### Sponsor

PremiumChoice Portfolio Services Limited ABN 16 097 636 023 AFSL 241255 is the Sponsor of this Service. In this Annual Report references to 'the Sponsor' are to PremiumChoice Portfolio Services Limited.

### Administrator

Navigator Australia Limited ABN 45 006 302 987 ('Navigator') AFSL No. 236466 is the Administrator of the Service.

### MLC Limited

MLC Limited ABN 90 000 000 402, AFSL No. 230694 is the underwriter and issuer of the Protection*first* insurance products. As a member of the Service, your insurance policy will be issued by MLC Limited to the Trustee and may only be enforced by the Trustee.

### National Australia Bank Group

The Administrator, the Trustee and MLC Limited are part of the National Australia Bank Group ('NAB Group').

### How to contact us



1300 880 054  
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Melbourne time



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**Important note:**

The preparation date of this Annual Report is 1 November 2010 and it contains important information relevant to the 12 months ending 30 June 2010. During that time, the sale of Aviva Australia to the National Australia Bank was completed.

# A year in review

## Why PremiumChoice?

PremiumChoice Portfolio Services Limited ABN 16 097 636 023 ('the Sponsor') is the sponsor of a comprehensive portfolio service created to enable you, together with your financial adviser, to diversify your investment portfolio across a wide range of investment products. This is an exclusive service. It is not promoted directly to the public and is available only through Australian Financial Services licensees selected by the Sponsor.

The Service enables you to enjoy the convenience, flexibility and control of dealing with one quality provider, keeping you fully informed of your financial position.

## A year in review

When we published our last Annual Report, it was under very different circumstances with investors facing some of the toughest market conditions we've seen.

A year on, we've seen conditions improve, delivering better investment returns. While this improvement is welcome, markets remain volatile.

In the past few months, we've seen some significant proposals from the Government to change the way Australians invest and prepare for retirement. During this time, we've been working to make sure our members' interests are represented to the Government and will continue to do so.



**Geoff Webb**

Chairman  
NULIS Nominees (Australia) Limited

## Your Annual Report for 2009/2010

This Annual Report is your update on how your money is invested and a reminder of how your account is administered. We've also included an update on how we manage investments.

# 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 is liable for its activities and has professional indemnity insurance.

The Trustee has appointed Navigator Australia Limited to carry out the day-to-day investment management and administration of PremiumChoice Retirement Service.

## Meet the Board

Up until 1 October 2009, the directors of NULIS Nominees (Australia) Limited were:

Charles (Sandy) Clark (Chairman)  
Elizabeth Flynn  
David Trenerry  
Bruce Hawkins  
Diana Taylor, and  
Sam Simopoulos.

Since 1 October 2009 the directors are:

### Patrick Burroughs

BSSc (Hons) 1971  
FCA, FAICD

### Michael Clancy

B Bus (Finance and Economics) 1992,  
CFA 1997

### Michael Fitzsimons

Diploma of Financial Services  
ANZIIF

Appointed as a Director on 25 August 2010

### Richard Morath

BA 1968,  
FIA (UK and Australia), ASIA

### John Reid

B Sc. Mathematical Physics 1971,  
FIA (UK and Australia)

### Nicole Smith

BFA 1990, CA  
GAICD

### Geoff Webb – Chairman

B Ec (Hons) 1970,  
AIA (UK),  
AIAA (Australia),  
FAICD, FAIM

The MLC group of companies is the wealth management division of the National Australia Bank.

## Annual audit

Each year we are audited by an independent company. We're pleased to report we've met all our obligations and received a clean audit report.

# Investment market returns

Investment Market Indices	12 month return to 30 June 2010
<b>Australian Cash</b> UBSWA 90 Day Bank Bill Index	3.9%
<b>Australian Fixed Interest</b> UBSWA Composite Bond All Maturities Index	7.9%
<b>Australian Shares</b> S&P/ASX 200 Accumulation Index	13.1%
<b>International Shares</b> MSCI World ex-Aust Accumulation Index unhedged (\$A)	5.2%
<b>International Fixed Interest</b> Citigroup World Govt Bond Index hedged in \$A	9.2%
<b>Listed Property</b> S&P/ASX 200 Property Accumulation Index	20.4%

Source: MLC Research (July 2010)

The chart above summarises the returns from the major asset classes for the year up to the end of June 2010. Growth assets lost ground in the final quarter of the financial year, but nevertheless posted solid returns for the year to June.

The recovery in investment returns over the past year occurred largely in the second half of 2009. World share markets performed strongly, although the strength of the Australian Dollar detracted from unhedged global equity returns. The recovery reflected a renewed appetite for risk on the part of investors, and a growing confidence in prospects for the global economy.

Economic growth has improved in the major economies, although the strength of that recovery varies. In the emerging economies, the recovery appears to have been much more robust.

However, the first half of 2010 has been a much more difficult period for financial markets. Investors have become much more risk averse, and sovereign risk concerns have been the dominant factor behind this. In addition, markets have become increasingly concerned about the durability of the global recovery – particularly given the prospect of tighter fiscal policy in many economies, as Governments attempt to address

sovereign risk concerns. Key global leading indicators appear to be signalling somewhat slower growth ahead.

In Australia, the relatively strong performance of the economy during the worst of the Global Financial Crisis has been well documented. Australia appears to have been one of the few developed economies to have avoided a recession, although growth did slow markedly during 2008 and 2009. Moreover, fiscal policy – both directly in the form of public works and transfers to households and indirectly in the form of incentives to businesses and home buyers – was responsible for the bulk of the economic growth that occurred during 2009.

Over the course of the year, the Reserve Bank began unwinding the aggressive monetary

stimulus measures put in place during the latter half of 2008. Key borrowing rates are currently at, or higher than historical averages and the RBA have signalled that they are likely to be cautious in raising rates from here.

Business survey data suggest that the Australian economy grew at an annual pace of around 3% in the first half of 2010. Over the year ahead, stronger business investment, exports, and an upswing in housing activity are likely to underpin economic growth. On inflation, core inflation rates have remained stubbornly high in recent years. However, there appears to be enough spare capacity in the economy to produce some moderation in inflation over the coming year.

# About your investment

## Product enhancements

During the 2009/10 financial year, several enhancements were added to the PremiumChoice Retirement Service. Enhancements added are described below:

## New investment options

The Service extended the investment menu to include Separately Managed Accounts ('SMA') from the 1 September 2009.

The SMA is a registered managed investment scheme that allows you to access a number of professionally constructed and managed investment portfolios ('Model Portfolios') comprising Australian direct shares and cash.

For the current list of investment options available through the PremiumChoice Retirement Service, refer to the Investment Allocation Authority and Shares List available from [investinfo.com.au/premiumchoice](http://investinfo.com.au/premiumchoice)

## Limitations on investments

The Trustee has revised the limits for some investment strategy sub-categories listed in the Investment Allocation Authority, the current limits are listed below:

### **Australian direct shares – S&P/ASX All Ordinaries Index**

- a maximum of 20 percent of your account balance can be invested in a single listed security holding within the S&P/ASX 300 Index
- a maximum of 10 percent of your account balance can be invested in a single listed security holding outside of the S&P/ASX 300 Index
- a maximum of 40 percent of your account balance can be invested in all listed security holdings outside of the S&P/ASX 300 Index

### **Australian direct shares – Instalment Warrants**

- a maximum of 10 percent of your account balance can be invested in a single instalment warrant listing
- a maximum of 20 percent of your account balance can be invested in all instalment warrant listings

### **Australian direct shares – Listed Investment Companies**

- a maximum of 20 percent of your account balance can be invested in a single Listed Investment Company

## **Fixed Interest – Annuities**

- a maximum of 85 percent of your account balance can be invested in the Fixed Interest – Annuities sub-category

## **Alternatives – Hedge Funds**

- a maximum of 25 percent of your account balance can be invested in the Alternatives – Hedge Funds sub-category

Additionally the frequency with which you will be notified should your investments exceed the limits set is now half-yearly as part of the annual and half-yearly statements.

## **Asset Allocation**

This section details the assets that have a value in excess of 5% of the total assets of the Plan as at 30 June 2010.

- NAB Cash Manager: 7.44%.

# Investment objectives and strategies

## Trustee strategy and objective

The Trustee's overall objective for the Service is to provide you with the opportunity to design your own diversified superannuation portfolio by selecting from a range of investment strategies.

If you need to make a change to your portfolio, you can switch your investments at any time. You should consider the need for diversification to reduce the risk of investing in only one investment fund. We recommend that you consult your financial adviser when reviewing your portfolio to ensure that the strategy you select is suitable to your particular situation and financial goals.

An up-to-date list of the investment products available under each strategy and strategy sub-category can be found on the current Investment Allocation Authority, which is available on our website, [investinfo.com.au/premiumchoice](http://investinfo.com.au/premiumchoice) or from your financial adviser.

## Trustee policy on use of derivative securities

In formulating the investment strategies for the Service the Trustee has recognised the use of derivatives by authorised investments of the Service for the efficient risk management of a portfolio or reduction of investment risk.

The Trustee relies on the provision of Derivative Risk Statements where appropriate, in respect of each authorised investment into which the Plan invests, to determine whether investment in derivatives is made under appropriate controls with respect to investment objectives, investment restrictions and risk profile.

## Statement of assets

The assets for your benefit are specific to the funds you have selected (rather than a general pool of assets backing all investors' benefits, as is the case for some superannuation plans).

The available investment funds have been selected within the broad strategies indicated on the following pages. Actual asset allocations at the end of the period are shown on your annual statement.

Your account balance will be the balance in your Cash Account, including any insurance proceeds, plus the value of your investments, less any outstanding fees and charges and any taxes. The value of your investments is determined by the investment market value less any investment product fees, taxes and charges.

## Illiquid Investments

A number of the investment funds available through the Service are illiquid investments. An investment is an illiquid investment if either;

- it cannot be converted to cash in less than 30 days to rollover, transfer or pay a withdrawal benefit, or
- converting it to cash within the 30 days would be likely to have a significant adverse impact on the realisable value of the investment.

Investments on the Investment Allocation Authority that have been classified as illiquid investments are so indicated. For more information on the reasons why specific investments are illiquid, please refer to the Product Disclosure Statement for each fund.

You will be required to complete a declaration which acknowledges the information above before your funds are invested in an illiquid investment. For more information, visit [investinfo.com.au/premiumchoice](http://investinfo.com.au/premiumchoice)

## Investment strategies

The Service provides you with investment strategies into which the investment products are grouped, allowing you to select a strategy – or combination of strategies – which is most appropriate for your needs. In effect, you design your own diversified superannuation portfolio.

Through the Service you have access to a wide range of investment products from the four main asset classes of cash, fixed interest, property and shares. Within each asset class you have access to a range of different market sectors and management styles allowing you to diversify your investments and spread your risk.

Each investment strategy shown in the following Tables describes the approach by which the relevant investment option seeks to achieve its investment objective and suggests the timeframe for which the strategy is designed.

**Note: The information in the tables on pages 10 to 13 is not an indication or guarantee of the possible performance of the investment strategies in the future. The information should be read in conjunction with the risks outlined in the current PDS and the investment product disclosure documents.**

## Available Strategies: Multi sector

	Conservative	Balanced	Growth	Aggressive
<b>Investment objectives</b>	To provide an income stream through high exposure to defensive assets such as cash and fixed interest securities.	To provide a combination of income and moderate growth over the longer term.	To provide higher growth than the Balanced strategy via a diverse spread of growth assets, including shares and property.	To provide high growth via a diverse spread of growth assets including shares and property.
<b>Investment approach</b>	Invest in a diversified portfolio of asset classes such as cash, fixed interest, property, shares and alternatives. Some capital growth may be provided through an exposure to growth assets such as property and shares of typically between 0–40% of total funds.	Invest in a diversified portfolio of asset classes such as cash, fixed interest, property, shares and alternatives. Some capital growth may be provided through an exposure to growth assets such as property and shares of typically between 40–60% of total funds.	Invest in a diversified portfolio of asset classes such as cash, fixed interest, property, shares and alternatives. Some capital growth may be provided through an exposure to growth assets such as property and shares of typically between 60–80% of total funds.	Invest in a diversified portfolio of asset classes such as cash, fixed interest, property, shares and alternatives. Some capital growth may be provided through an exposure to growth assets such as property and shares of typically at least 80% of total funds.
<b>Risk profile</b>	The likelihood of the portfolio incurring a negative annual return in any particular year is moderate. This will increase as the exposure to growth assets such as property and shares increases. The risk that the investment cannot be easily converted to cash is low.	The likelihood of the portfolio incurring a negative annual return in any particular year is moderate to high. This will increase as the exposure to growth assets such as property and shares increases. The risk that the investment cannot be easily converted to cash is low.	The likelihood of the portfolio incurring a negative annual return in any particular year is high. This will increase as the exposure to growth assets such as property and shares increases. The risk that the investment cannot be easily converted to cash is low.	The likelihood of this portfolio incurring a negative annual return in any particular year is high. This will increase as the exposure to growth assets such as property and shares increases. The risk that the investment cannot be easily converted to cash is low.
<b>Time horizon</b>	Minimum of three-four years	Minimum of four-five years	Minimum of five-six years	Minimum of six-seven years
<b>Sub-category</b>	<ul style="list-style-type: none"> <li>■ Diversified</li> </ul>	<ul style="list-style-type: none"> <li>■ Diversified</li> <li>■ Responsible Investment</li> </ul>	<ul style="list-style-type: none"> <li>■ Diversified</li> <li>■ Capital Protected</li> </ul>	<ul style="list-style-type: none"> <li>■ Diversified</li> <li>■ Geared</li> </ul>

## Available Strategies: Sector specific

	Cash	Fixed interest	Property
Investment objectives	To provide an income stream with a high degree of capital security.	To provide a moderate to high income stream, while maintaining the capital value of the investment over a minimum three year period.	To provide a combination of income and growth over the long term.
Investment approach	Invest in cash deposits, term deposits and short term securities with high security and high liquidity.	Invest in domestic and international fixed interest securities and bonds, mortgages, mortgage backed securities, hybrid and high yield securities, and cash with varying security and liquidity.	Invest in domestic and internationally listed and unlisted property trusts, and direct property.
Risk profile	The likelihood of a negative annual return is low. Returns however may fluctuate. Where securities are held with longer term maturities this fluctuation may be higher over the short term. The risk that the investment cannot be easily converted to cash is low.	The likelihood of the portfolio incurring a negative annual return in any particular year is moderate. This may increase depending on your exposure to the various types of fixed interest such as high yielding credit, high yielding mortgages as well as the exposure to specific sectors and geographic regions. The risk that the investment cannot be easily converted to cash is low-medium.	The likelihood of a negative annual return in any particular year is high. This may increase depending on your exposure to highly geared investments, specialist strategies, specific sectors and geographic regions. The risk that the investment cannot be easily converted to cash is medium.
Time horizon	Less than one year	Minimum of three years	Minimum of five years
Sub-category	<ul style="list-style-type: none"> <li>■ Cash</li> <li>■ Term Deposits (one year or less)</li> </ul>	<ul style="list-style-type: none"> <li>■ Australian</li> <li>■ International</li> <li>■ Diversified</li> <li>■ Mortgages</li> <li>■ Mortgages – High Yield</li> <li>■ Multi-strategy Income</li> <li>■ Annuities</li> </ul>	<ul style="list-style-type: none"> <li>■ Australian Listed</li> <li>■ Internationally Listed</li> <li>■ Direct</li> <li>■ Diversified</li> </ul>

## Available Strategies: Sector specific

	Australian shares	International shares	Alternatives
<b>Investment objectives</b>	To grow the value of capital over the long term via investment in Australian shares.	To grow the value of capital over the long term via investment in international shares.	To generate high risk-adjusted returns relative to traditional asset classes. Note that the investment objectives of the investment in this category may vary widely.
<b>Investment approach</b>	Invest in Australian shares and other securities primarily listed on the Australian Stock Exchange.	Invest in international shares and other securities primarily listed on Stock Exchanges around the world.	The strategies of the investment in this category vary widely. Generally, the strategies used generate returns that have a low correlation with traditional asset class returns.
<b>Risk profile</b>	The likelihood of the portfolio incurring a negative annual return in any particular year is high. This may increase depending on your exposure to highly geared investments, specialist strategies, specific sectors and geographic regions. The risk that the investment cannot be easily converted to cash is low.	The likelihood of the portfolio incurring a negative annual return in any particular year is high. This may increase depending on your exposure to highly geared investments, specialist strategies, specific sectors, geographic regions, and currency management approach. The risk that the investment cannot be easily converted to cash is low.	The likelihood of the portfolio incurring a negative annual return in any particular year varies widely. The risk that the underlying securities cannot be easily converted to cash is medium.
<b>Time horizon</b>	Minimum of six-seven years	Minimum of six-seven years	Minimum of three-five years
<b>Sub-category</b>	<ul style="list-style-type: none"> <li>■ Diversified</li> <li>■ Smaller Companies</li> <li>■ Geared</li> <li>■ Capital Protected</li> <li>■ Infrastructure</li> <li>■ Long/Short</li> <li>■ Responsible Investment</li> <li>■ Resources</li> <li>■ Model Portfolios<sup>#</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ Diversified</li> <li>■ Smaller Companies</li> <li>■ Hedged</li> <li>■ Geared</li> <li>■ Asia</li> <li>■ Emerging Markets</li> <li>■ Europe</li> <li>■ Infrastructure</li> <li>■ Resources</li> <li>■ Technology</li> <li>■ Long/Short</li> <li>■ Responsible Investment</li> </ul>	<ul style="list-style-type: none"> <li>■ Hedge Funds*</li> </ul>

\* It is expected that redemptions for hedge funds will be paid within 120 days. However, as stated under 'Illiquid investments' on page 9, in some circumstances it may take longer.

<sup>#</sup> Model Portfolios can be accessed through the SMA. Refer to the underlying Product Disclosure Document for more information.

## Available Strategies: Direct

	Australian direct interest rate securities	Australian direct shares
<b>Investment objectives</b>	To provide, on average, a moderate to high level of income through a selection of individual interest rate securities including hybrids and high yield investments.	To provide a combination of income and moderate growth over the longer term.
<b>Investment approach</b>	You may select from a range of interest rate securities listed on the Australian Stock Exchange.	You may select from a range of shares listed on the Australian Stock Exchange.
<b>Risk profile</b>	<p>While the prime return is expected to come from income there may be large changes both up or down in capital values. To minimise risk investors should be diversified across a range of shares and industry sectors. Limited diversification may result in losses that would be difficult to recover, even over a long period of time. Please refer to the information on risks and diversification set out in the 'Investing' section of the PDS.</p> <p>The risk that the investment cannot be easily converted to cash is low.</p>	<p>The likelihood of any particular share holding incurring a negative return in any particular year is high. To minimise risk investors should be diversified across a range of shares and industry sectors. Limited diversification may result in losses that would be difficult to recover, even over a long period of time. Please refer to the information on risks and diversification set out in the 'Investing' section of the PDS.</p> <p>The risk that the investment cannot be easily converted to cash is low.</p>
<b>Time horizon</b>	Minimum of three-five years	Minimum of six-seven years
<b>Sub-category</b>		<ul style="list-style-type: none"> <li>■ S&amp;P/ASX All Ordinaries Index</li> <li>■ Listed Investment Companies</li> <li>■ Exchange Traded Funds</li> <li>■ Instalment Warrants</li> </ul>

Please note the following in relation to the information on the investment strategies outlined on pages 10 to 13:

- the investments, investment approach and objectives listed may not be common to all investment products available from time to time in each investment strategy, but are indicative of the norm
- the sub-categories into which the investment options have been divided are indicative only to assist you and your financial adviser
- some investment managers may be entitled to receive a performance fee if a designated level of return is achieved.
- Further information on investment issues specific to the investment products available under each investment strategy (including information on indirect cost ratios, other fees charged and past performance) can be obtained from the investment product's disclosure document or product disclosure statement. It is important that you read the investment product's disclosure document or product disclosure statement to obtain information relevant to your investment decision
- each of the securities offered under the Australian direct shares strategy and Australian direct interest rate securities strategy can be considered an individual investment strategy. The broad investment objectives and investment strategy, and the risks outlined above are in general a description that applies to each of the companies whose securities are offered under these strategies. Please speak to your financial adviser for more specific information.

## Underlying product disclosure statements and disclosure documents

Each investment fund offered through the Service has a product disclosure statement which provides a description of the investments offered, including the investment strategy and objectives, past performance, any level of gearing of the assets, information on the associated fees and costs, risks and other relevant information relating to the specific investment.

You should consider the relevant product disclosure statement before you make any decisions to request acquisition of interests in an investment. Your financial adviser will provide you with a copy of the product disclosure statement for each investment you select, or you can obtain a copy by contacting Client Services or from [investinfo.com.au/premiumchoice](http://investinfo.com.au/premiumchoice)

In addition, your financial adviser has access to further information on each of the investments offered, which may also be of interest when establishing your portfolio. If you are considering investments in shares, debentures or term deposits you should also ask your financial adviser for relevant current information on the investment, including, if applicable, a copy of the relevant disclosure document.

## Past performance

Performance figures for each investment fund may be included in the particular fund's product disclosure statement. Performance figures are also available by contacting Client Services.

Information on the past performance of other investment products can be obtained from your financial adviser. Information on the past performance of companies listed on the ASX is available from [www.asx.com.au](http://www.asx.com.au)

Past performance should not be taken as an indication of future performance for investment funds, shares or any other investment product.

## Investment managers

The Service offers you access to primarily wholesale investment funds that have been selected after considerable research to ensure that they are managed by competent, reliable and respected fund managers. This means savings for you as the managers' fees for wholesale funds are normally significantly lower than those charged to an investor who purchases the funds directly.

You and your financial adviser can create your investment portfolio by selecting the funds that best suit your personal investment needs. The Trustee recommends that you obtain advice from your financial adviser to ensure that the strategy you adopt is suitable for your particular situation. You are able to switch your investments at any time if you want to change the focus of your investment strategy.

The Service gives you access to a wide variety of Australia's leading fund managers:

Alphinity Investment Management Pty Limited  
Armytage Private Limited  
Aberdeen Asset Management Limited  
Advance Asset Management Limited  
AMP Capital Investors Limited  
APN Funds Management Limited  
Ausbil Dexia Limited  
Australian Ethical Investment Ltd  
Australian Unity Funds Management Limited  
Aviva Investors Australia Limited  
AXA Australia\*  
Barclays Global Investors Australia Limited  
BlackRock Investment Management (Australia) Ltd  
BT Funds Management Limited  
Centro Properties Group  
Challenger Financial Services Group  
Challenger Managed Investments Limited  
Colonial First State Investments Limited  
Credit Suisse Asset Management (Australia) Limited  
Deutsche Asset Management (Australia) Limited  
Eley Griffiths Group Pty Limited  
Fidelity Investments Australia Ltd

Global Value Investors Limited  
Goldman Sachs Asset Management  
HFA Asset Management Limited  
Hunter Hall Investment Management Limited  
ING Funds Management Limited  
Invesco Australia Ltd  
Investors Mutual Limited  
IOOF Limited  
IOOF Investment Management Limited  
Legg Mason Asset Management Australian Limited  
Macquarie Investment Management Limited  
National Corporate Investment Services Limited  
MLC Investments Limited\*\*  
National Australia Bank Limited  
Navigator Australia Limited#  
Orion Asset Management Limited  
Perpetual Investment Management Limited  
PIMCO Australia Pty Ltd  
Platinum Asset Management  
PM Capital Limited  
Russell Investment Management Limited†  
Schroder Investment Management Australia Limited  
SG Hiscock & Company Limited~  
Tyndall Investment Management Limited  
UBS Global Asset Management (Australia) Ltd  
Vanguard Investments Australia Ltd  
Ventura Investment Management Limited  
Zurich Investment Management Limited

\* Trading name for National Mutual Funds Management Limited.

\*\* Some of the investment funds available through the Plan are issued by MLC Investments Limited, which is part of NAB and therefore related to us.

# Navigator is the responsible entity for the Cash Account Income Fund ('CAIF') and Pre Select investment options and receives fees from these investment products. The CAIF has been chosen by the Trustee to be the cash management trust portion of the Cash Account.

† Fund manager for the Ventura investment products.

~ SG Hiscock & Company Limited is the fund manager for the EQT SGH Wholesale.

# General information

## The Trustee

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

### **Enquiries and complaints resolution**

The Service has an internal procedure for dealing with investor enquiries and complaints. Replies to most enquiries will be given over the phone within a short period. If you have any queries, please contact Client Services on 1300 880 054.

If your enquiry is complicated we may ask you to detail it in writing. Enquiries and complaints can be made in writing to:

Complaints Officer  
PremiumChoice Retirement Service  
GPO Box 394  
Melbourne Victoria 3001

Under superannuation legislation such enquiries and complaints are required to be dealt with within 90 days of receipt.

If you are not satisfied with a decision of the Trustee in relation to your complaint, you can contact the Superannuation Complaints Tribunal ('the SCT'). The SCT is an independent tribunal established by the Commonwealth Government to review certain types of complaints involving superannuation trustees.

The SCT may be able to assist you to resolve a complaint, but only after you have made use of the Trustee's own enquiries and complaints procedure. Once the SCT accepts a complaint it tries to conciliate the dispute by helping members and the superannuation trustee to reach agreement. Where this is unsuccessful the SCT will formally review the matter and make a binding decision.

SCT contact details:  
Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne VIC 3001  
Phone: 1300 884 114  
Fax: 03 8635 5588  
Website: [www.sct.gov.au](http://www.sct.gov.au)

If you have any complaints or questions about the privacy of your information, please contact Client Services on 1300 880 054.

If your complaint is not resolved by us to your satisfaction, you may write to the Privacy Commissioner at:

Office of the Privacy Commissioner  
GPO Box 5218  
Sydney NSW 2001

## Transfers to an Eligible Rollover Fund

We may transfer your benefit to an Eligible Rollover Fund if, for example:

- you haven't made a contribution within 12 months and your balance falls below \$500 or \$200 if you have insurance, or
- we lose contact with you and can't locate you, or
- your investment switching activity is deemed to be contrary to the interests of other members, or
- other situations permitted under law.

The eligible rollover fund we currently use is the Australian Eligible Rollover Fund (AERF), which can be contacted on 1800 677 424.

We will 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 that transfer to the AERF will result in a different fee structure, different investment strategies and no insurance benefits.

## Transfers to the Australian Taxation Office (ATO)

We're required by law to transfer your account balance to the ATO if:

- we've lost contact with you, or your account has been inactive for 5 years and your account balance is less than \$200, or
- your account has been inactive for 5 years and with the information reasonably available we're satisfied that it will never be possible to pay the account balance.

## 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 PremiumChoice Retirement Service, in which case, the amount will generally be deducted from your accounts (unless it is a pension account) and paid to the Australian Taxation Office ('ATO').

If you have 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 will be responsible for paying the surcharge to the ATO. If you have a pension account, you are generally able to request us to pay you a lump sum in order to meet your surcharge liability.

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

## Financial statements

The following are abridged fund accounts for the PremiumChoice Retirement Service.

The full audited financial statements and auditor's report will be made available from December 2010, online at [investinfo.com.au/premiumchoice](http://investinfo.com.au/premiumchoice) or by calling Client Services on 1300 880 054.

# Abridged Financial Information Statement of Financial Position

**As at 30 June 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash and cash equivalents	6,882,201	11,356,001
Receivables	5,516,265	8,599,492
GST receivable	44,056	42,705
Investments	307,305,847	273,758,661
Income tax receivable	-	-
Deferred tax asset	5,629,365	3,625,862
<b>Total Assets</b>	<u>325,333,678</u>	<u>297,382,721</u>
<b>Liabilities</b>		
Payables	765,156	900,366
Income tax payable	58,010	199,660
<b>Total Liabilities</b>	<u>823,166</u>	<u>1,100,026</u>
<b>Net Assets Available to Pay Benefits</b>	<u>324,510,512</u>	<u>296,282,695</u>
<b>Represented by:</b>		
<b>Liability for Accrued Benefits</b>		
Allocated to members' accounts	324,510,512	296,282,695
<b>Total Members' Funds</b>	<u>324,510,512</u>	<u>296,282,695</u>

# Abridged Financial Information

## Operating Statement

For the year ended 30 June 2010

	2010	2009
	\$	\$
<b>Investment Revenue</b>		
Distributions	12,192,569	14,478,752
Dividends	328,450	251,347
Rebates	143,881	127,162
Interest	214,937	299,547
Changes in net market values	18,147,286	(51,993,627)
	<u>31,027,123</u>	<u>(36,836,819)</u>
<b>Contributions Revenue</b>		
Employer contributions	11,243,300	15,089,506
Member contributions	10,390,778	14,858,926
Transfer from other funds	14,230,422	20,107,235
Compensation to members	14,725	40,333
	<u>35,879,225</u>	<u>50,096,000</u>
<b>Total Revenue</b>	<u>66,906,348</u>	<u>13,259,181</u>
<b>General Administration Expenses</b>		
Management fees	4,857,844	4,393,947
Entry fees	281,917	394,447
Deferred entry fees	586,149	657,857
Insurance premiums	621,589	421,699
Adviser review fees	281,420	224,458
Other fees	116,367	25,991
Superannuation contributions surcharge	3,348	7,089
<b>Total Expenses</b>	<u>6,748,634</u>	<u>6,125,488</u>
<b>Benefits accrued before Income Tax</b>	60,157,714	7,133,693
<b>Income tax (expense)/benefit</b>	1,071,600	2,500,018
<b>Benefits accrued as a result of operations<sup>1</sup></b>	<u>61,229,314</u>	<u>4,633,675</u>

**Note 1**

The liability for accrued benefits is the Service's present obligation to pay benefits to members and beneficiaries arising from their investing in the Service up to reporting date. It is measured as the difference between the carrying amounts of total assets and liabilities as at reporting date. Benefits in respect of members who ceased with the Service prior to reporting date and whose benefits were unpaid as at 30 June 2010 are included in the liability for accrued benefits amount.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Liability for accrued benefits at beginning of the year	296,282,695	319,499,377
Plus: Benefits accrued as a result of operations	61,229,314	4,633,675
Less: Members' redemptions	(26,745,703)	(21,318,674)
Less: Pension payments	(6,255,794)	(6,531,683)
	<u>324,510,512</u>	<u>296,282,695</u>

# Abridged Financial Information

## Cash Flow Statement

**For the year ended 30 June 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Employer contributions received	10,390,778	15,089,506
Member contributions received	11,243,300	14,858,926
Transfers in received	13,557,512	19,788,921
Distributions received	15,181,227	19,448,773
Dividends received	328,450,	251,347
Rebates received	144,059	130,299
Interest received	220,563	308,699
Compensation received	15,121	40,930
Redemptions paid	(26,736,795)	(21,298,757)
Pensions paid	(6,264,800)	(6,524,286)
Management fees paid	(4,831,922)	(4,425,764)
Entry fees paid	(288,489)	(393,281)
Deferred entry fees paid	(608,916)	(657,744)
Insurance premiums paid	(607,314)	(402,991)
Adviser review fees paid	(281,477)	(224,401)
Superannuation contributions surcharge paid	(3,348)	(7,089)
Other	(113,980)	(43,947)
Tax paid to ATO	(1,073,552)	(1,709,485)
<b>Net cash flows from operating activities</b>	<u>10,270,417</u>	<u>34,229,656</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(118,088,232)	(102,454,250)
Proceeds on the sale of investments	103,344,015	70,808,620
<b>Net cash flows used in investing activities</b>	<u>(14,744,217)</u>	<u>(31,645,630)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(4,473,800)	2,584,026
Cash and cash equivalents at Beginning of the Financial Year	11,356,001	8,771,975
<b>Cash and cash equivalents at the End of the Financial Year</b>	<u>6,882,201</u>	<u>11,356,001</u>

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