



SMF Eligible Rollover Fund

Annual Report 2011

Part of the IOOF group.

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Important information

This Annual Report is prepared and issued by Questor Financial Services Limited ('Questor' or 'Trustee') ABN 33 078 662 718, AFS License No. 240829 as Trustee for the SMF Eligible Rollover Fund ABN 82 810 851 250 ('Fund'). United Funds Management Limited ABN 65 073 186 419 ('United') is the investment manager of the Fund. Questor and United are part of the IOOF group, comprising IOOF Holdings Ltd ABN 49 100 103 722 and its subsidiaries ('IOOF').

Any representation or statement in this report is made in good faith and based on information from sources believed to be reliable. The Trustee and its related bodies corporate together with the investment managers providing investment options to the Fund and other related companies, are not to be liable in respect of such representations or statements. This information should not be used or relied upon as a substitute for advice from your financial adviser.

Questor provides no assurance that the Fund will continue to be available in the future. The Trustee has the right to suspend or stop investments in specific investment options. If the Trustee removes an investment option from the Fund, the Trustee may transfer your investments in the investment option no longer available to another investment option of the Fund. The Trustee will attempt to notify you before this action is taken.

This Annual Report does not and is not intended to contain any recommendations, statements of opinion or advice. In any event, the information contained in this document is general in nature and does not consider any one or more of your objectives, financial situation or needs. Before acting on this information, you should consider obtaining advice from a licensed, financial adviser and consider the appropriateness of the information, having regard to your particular risk profile, investment objectives and financial situation.

You should obtain a copy of the Product Disclosure Statement (PDS) for the particular financial product (if available) and consider the information contained in the PDS before making any decision about whether to acquire an interest in the product.

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Message from the Trustee

I am pleased to present the following Annual Report to investors in the SMF Eligible Rollover Fund (the Fund) for the year ending 30 June 2011. This report has been prepared by Questor Financial Services Limited as Trustee of the Fund.

Within the report you will find general information about the Fund, including abridged financial statements and changes to the Fund that have occurred during the 2010/11 financial year.

On behalf of the board of trustee directors, thank you for your ongoing support.

Yours sincerely,



Christopher Kelaher
Managing Director
Questor Financial Services Limited
As Trustee of the SMF Eligible Rollover Fund

The year at a glance

- For the year to 30 June 2011, your account was adjusted to reflect a net crediting rate of 5.24 per cent pa.
- The compound average net fund crediting rate for the last five years was 1.68 per cent pa.

How your Fund works

Eligible rollover funds are designed to accept the benefits of members leaving or changing employment or who have become 'lost'. The Fund operates on an accumulation style basis; benefits are based on the balance of your account at the time you leave the Fund. Your benefit includes investment earnings which may be positive or negative (after fees, taxes and other expenses are deducted).

The Fund does not provide any insurance benefits. Questor is the Trustee and administrator of the Fund and holds professional indemnity insurance. Neither Questor nor any service provider to the Fund guarantees investment performance, the repayment of capital or any particular rate of return for the Fund. Questor is part of IOOF. IOOF is an integrated financial services company with a suite of products designed to accompany a client's wealth from the accumulation phase into retirement and across to the next generation. IOOF is listed on the Australian Securities Exchange in the top 200 companies. United is the investment manager of the Fund and is part of the investment arm of IOOF.

Fund investments

The Trustee invests members' money with the aim of achieving competitive returns at an acceptable level of risk. The Fund has the following investment objectives and strategy.

Objectives

To provide income with a secondary focus on capital growth over the medium-to-long term. The Fund aims to provide investors with a total investment return, before tax but after fees and expenses, above the rate of increase in the UBS Warburg Bank Bill Index over rolling five-year periods or longer, and to limit the incidence of a negative annual return to one in any fifteen-year period.

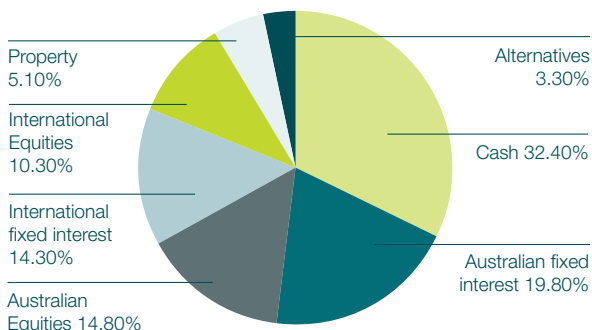
Strategy

To adopt the multi-manager sector-specialist investment approach by outsourcing the security selection function to a range of high-quality investment managers, who have specialised skills and expertise at managing investments within a specific asset class. United blends a selection of investment managers with complementary investment styles to achieve a style neutral portfolio, which it believes will provide superior returns to any single manager. United adopts a passive asset allocation strategy

Asset allocation

As at 30 June 2011, the Fund's asset allocation was as follows:

Eligible Rollover Fund June 2011



The Fund will vary the asset allocation around prescribed benchmarks and within the broad ranges set by United as detailed below:

Asset Class	Range %	Strategic Benchmark %
Australian shares	10-30	13.7
International shares	5-25	10.7
Listed property	0-20	6.6
Australian fixed interest securities	0-85	22.7
International fixed interest securities	0-85	15.4
Alternatives	0-5	2.4
Cash	0-85	28.5

Investment holdings of the Fund

The SMF Eligible Rollover Fund is wholly invested in the United Capital Stable Fund via the SMF Master Pooled Superannuation Trust (MPST).

Effective 30 September 2011, the United Capital Stable Fund will change its name to the IOOF MultiMix Conservative Growth Trust.

Members of the SMF Eligible Rollover Fund are invested through the MPST and not directly in the underlying United Capital Stable Fund and will only notice a change to the name of the investment option and not a sale and purchase of investments.

Investment manager

The United Capital Stable Fund is managed by United. United select 'best-of-breed' investment managers who have specific skills and expertise in managing investments within a specified asset class and have a demonstrated ability to add value over the investment cycle.

Effective 30 September however the United Capital Stable Fund will change its name to the IOOF MultiMix Conservative Growth Trust and will be managed by IOOF Investment Management Limited (ABN 53 006 695 021), also a related party of the Trustee.

Fund performance

Fund earning and crediting rates

The **net earning rate** is the investment return on the assets of the Fund after payment of investment management fees and taxes. As at 30 June 2011, the underlying investment manager fee was 0.55 per cent net of GST.

The **crediting rate** is the investment return credited to your account annually, based on the amount earned on the Fund's investments after investment management fees, trustee management fees, recovery of fund expenses, government charges and taxes. The crediting rate may be positive or negative.

The difference between the two rates is that the crediting rate includes both the investment manager's fees and the trustee's fees and expenses.

As at 30 June 2011 the Fund expense rate (including all underlying investment manager and trustee fees, costs and expenses) is 2.05 per cent pa net of GST.

The graph below shows the Fund's net earning rates and the crediting rate over the five years to 30 June 2011. The Consumer Price Index (CPI) for the same period has also been included to provide a point of comparison.

The compound average crediting rate for the last five years is 1.68 per cent pa.

Crediting rate policy

At the beginning of each financial year, the Trustee estimates the expenses required to operate the Fund. During the financial year an interim crediting rate is calculated on the earnings of the Fund's underlying assets, less the estimated fees and costs, expenses, and taxes. At the end of the financial year, the Trustee reviews the expenses and any over or under provision for expenses incurred during the year is considered in the calculation of the crediting rate for 30 June.

The interim crediting rate will be used to determine the investment return credited to your account if you withdraw or rollover your investment in the Fund during a financial year, before the crediting rate for that financial year is calculated at 30 June.

Reserving policy

The Trustee will pass all investment earnings, whether positive or negative (less fees, expenses and taxes) to members when they are received. The Trustee does not maintain investment reserves. The Trustee maintains an expense account to meet the costs associated with operating the Fund.



Taxation

Tax on investment earnings

The Fund's investment earnings are taxed at a maximum rate of 15 per cent.

Taxation of benefits

A lump sum withdrawal from the Fund may be subject to tax, unless rolled over into another complying superannuation, rollover or pension fund. How your withdrawal is taxed will depend on its components and your age at the date of withdrawal. If you have been classified as a lost member

and your account balance is less than \$200, you can withdraw your benefit tax-free.

Member information

Trust Deed

The Trust Deed sets out the rules of the Fund. The Product Disclosure Statement (PDS) summarises the major provisions of the Fund, which is at all times governed by the Trust Deed. If there is a conflict between the PDS and the Trust Deed, the Trust Deed prevails.

Directors of the Trustee

Mr Ian Bruce Blair (Chairman)

Ms Jane Margaret Harvey

Mr Ian Gregory Griffiths

Mr George Venardos

Dr Roger Neil Sexton

Mr Christopher Francis Kelaher

Mr James Macklin Pfeiffer resigned as director on 30 June 2011.

Access to information

You may view copies of the following information at any office of the Trustee during business hours:

- the Annual Report of the Fund
- the audited accounts and auditor's report of the Fund
- the Trust Deed of the Fund.

All enquiries relating to the Fund should be directed to our client services team on **1800 677 306**.

Member protection

Your full account balance is subject to the member protection rules provided by law. In some circumstances, these rules require deduction of an amount less than the full administration fees otherwise payable. Administration fees do not include taxation.

Abridged financial statements

Set out below are the abridged financial statements detailing the Fund's financial transactions for the year ending 30 June 2011.

If you would like to obtain a copy of the full audited fund financial statements and related audit reports for the year (free of charge), please contact our client services team or email us.

The auditor has issued an unqualified opinion in respect of the financial statements.

Extract of accounts as at 30 June	2011 (\$)	2010 (\$)
Revenue		
Investment income	6,040,037	8,050,745
Sundry income	1,364,700	1,405,018
Employer contributions	196,102	139,027
Member contributions	156,994	194,418
Transfers from other funds	2,278,259	3,256,778
Total Revenue	10,036,092	13,045,986
Expenses		
Benefits paid	11,387,729	8,302,793
Management Fees	2,235,937	2,294,744
General administration expenses	2,509	15,005
Superannuation contributions surcharge	2,007	1,878
Income tax expense	34,832	17,267
Total expenses	13,663,014	10,631,687
Increase in Members' Funds	(3,626,922)	2,414,299
Balance brought forward	105,334,872	102,920,573
Members' funds	101,707,950	105,334,872
<i>Represented by</i>		
Assets		
Investments	101,747,149	104,981,789
Cash and Cash Equivalents	149,984	511,693
Sundry Debtors	38,855	48,177
Total Assets	101,935,988	105,541,659
Liabilities		
Creditors and Accruals	193,206	189,520
Income Tax Payable	34,832	17,267
Total liabilities	228,038	206,787
Net Assets	101,707,950	105,334,872
Member's Funds	101,707,950	105,334,872

Concentration of assets of the Fund

The Trustee advises that, to the best of its knowledge, at 30 June 2011:

- the SMF Master Pooled Superannuation Trust is an underlying investment of the Fund which has a value of more than five per cent of the total assets of the Fund
- no direct shareholding of the Fund constituted an investment whose value was more than five per cent of the value of the Fund.

Derivative policy

As the Trustee does not actively invest in derivatives there is no information to report to members with respect to the Derivative Charge Ratio. The Derivative Charge Ratio is the percentage of the total market value of the assets of the Fund (other than cash) that the Trustee has charged as security for derivatives investments made by the Trustee.

Client services

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Postal address

SMF Eligible Rollover Fund

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