



# SMF Eligible Rollover Fund

Annual Report 2009

# Contents

Important changes to superannuation	1
The year at a glance	3
How your Fund works	3
Fund investments	4
Fund performance	6
Taxation	7
Member information	8
Summary of financial statements	10

Issued by Questor Financial Services Limited ('Questor') ABN 33 078 662 718, AFSL 240829 as Trustee for SMF Eligible Rollover Fund ABN 82 810 851 250 ('the Fund') Questor is part of Australian Wealth Management Limited ('AWM') ABN 53 111 116 511. United Funds Management Limited ('United') ABN 65 073 186 419, AFSL No 240973, is the investment manager of the Fund and is the investment arm of Australian Wealth Management (AWM) ABN 53 111 116 511. This document is not intended to represent investment or professional advice. The information contained in this report does not take into account your individual financial circumstances. This is not an offer document. Applications to invest must be made in conjunction with the current Product Disclosure Statement, including any available Supplementary Product Disclosure Statements, which you should consider in order to decide whether to acquire, or to continue to hold, an investment in this product. We recommend talking to a qualified financial adviser prior to making any investment decisions. Past performance is not a reliable indicator of future performance.

# Important changes to superannuation

## Anti-money laundering and counter-terrorism legislation

From 12 December 2007 new laws were introduced to improve Australia's existing anti-money laundering and counter-terrorism financing system (AML/CTF). The new laws meet international standards and protect Australian businesses from being used for money laundering and terrorism financing. As a result, members are now required to supply proof of identification documents when withdrawing funds from their superannuation account or during the course of the customer relationship. This may affect processing times for certain transactions – for example, withdrawals may be delayed if we are not provided with suitable identification when requested. We will not be liable to you if we delay or refuse any transaction or requests by you due to any requirement under AML/CTF Law.

As proof of identification, we can accept your passport or a driver's licence issued under state or territory law.

If you're not able to supply us with your passport or drivers licence, you can instead provide one of the documents from table A accompanied by one of the documents from table B:

A	B
Birth certificate or birth extract.	Letter from Centrelink regarding a government assistance payment.
Citizenship certificate issued by the Commonwealth.	Notice issued by Commonwealth, state or territory government or local council within the past 12 months that contains your name and residential address (eg Tax Office Notice of Assessment or rates notice from local council).
Pension card issued by Centrelink that entitles the person to financial benefits.	

For further information on our Proof of Identity requirements please refer to our Proof of Identity form which can be downloaded from our website at [www.smf.com.au](http://www.smf.com.au) or by contacting Customer Service on 1800 677 306.

## 2009 Federal Government Budget Superannuation changes

### Concessional contributions cap

If you are under age 50 on 30 June, you (or your employer on your behalf) will be able to make concessional contributions up to a limit of \$25,000 pa, however, if you are aged 50 or over on 30 June, you may contribute up to a transitional limit of \$50,000 p.a. This transitional limit will apply up to the financial year ending 2012.

### Government superannuation co-contributions

The Government has reduced the matching rate and matching co-contribution that is payable on an eligible persons' non-concessional contributions. The matching rate will be:

- For the three financial years 2009/10, 2010/11 and 2011/12 the co-contribution rate is \$1 and the maximum co-contribution available is \$1,000.
- For the following two financial years 2012/13 and 2013/14, the co-contribution rate increases to \$1.25 and the maximum co-contribution available will be \$1,250.
- From 1 July 2014, the co-contribution rate of \$1.50 will be restored and the maximum co-contribution available will be \$1,500.

The matching rate will reduce where assessable income exceeds set thresholds.

## The year at a glance

- For the year to 30 June 2009, your account was adjusted to reflect net crediting rate of -4.86% p.a.
- The compound average net fund crediting rate for the last five years was 1.66% pa.
- Fund assets have decreased to \$102.9 million.

## 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 the investment performance, the repayment of capital or any particular rate of return for the Fund. Questor is part of AWM. AWM is an integrated financial services company with a suite of products designed to accompany a client from the wealth accumulation phase into retirement and across to the next generation. AWM is listed on the Australian Securities Exchange in the top 200 companies. United is the investment manager of the Fund and is the investment arm of AWM.

# 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 objective and strategy.

## Objective

To achieve a return (before fees and tax) that exceeds CPI increases by at least 2% per annum over rolling three year periods and to limit the incidence of a negative annual return to one in any fifteen year period.

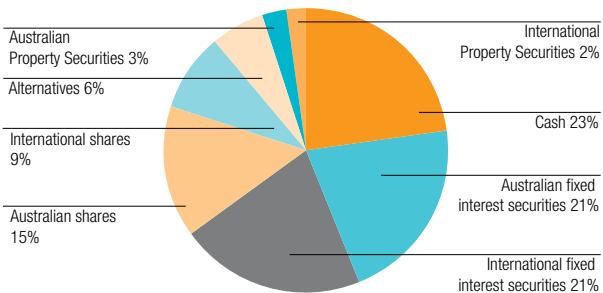
To achieve a return (over the medium to longer term) which is competitive with comparable funds that have a similar allocation to growth assets and similar risk characteristics.

## Strategy

The Fund invests in a mix of investments using a multi-manager investment approach.

## Asset allocation

As at 30 June 2009, the Fund's asset allocation was as follows:



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	13.4
International shares	5 – 25	9.8
Australian property securities	0 – 20	3.1
International property securities	0 – 20	3.1
Australian fixed interest securities	0 – 85	23.4
International fixed interest securities	0 – 85	14.1
Alternatives	0 – 30	6.1
Cash	0 – 85	27.0

## Investment Holdings of the Fund

As at 30 June 2009 the United Capital Stable Fund exceeded 5% of the total assets of the Fund.

## Investment managers

The Fund's investments are invested in the United Capital Stable Fund, which 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.

## Derivative policy

The Trustee does not directly use or invest in derivative securities but may do so indirectly, if an underlying investment manager uses them.

# Fund performance

## Fund earning and crediting rates

The net earning rate is the investment return on the assets of the Fund after payment of transaction costs, government charges, taxes and duties and charges relating to the management of investment of Fund assets. The crediting rate is the investment return credited to your account annually, based on the amount earned on the Fund's investments after fees, taxes and other expenses are deducted. The crediting rate may be positive or negative. The difference between the net earning rate and the crediting rate is the fees charged for the general administration of the product. Currently the Fund expense rate is 2.05% p.a.

The graph on page 6 shows the Fund's net earning rates and the crediting rate over the five years to 30 June 2009. 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 1.66% pa.

## SMF ERF net earning and crediting rates



## 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 expenses, fees and taxes. At the end of the financial year, the Trustee then 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

Investment earnings by the Fund are taxed at up to a maximum rate of 15%.

## 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.

## Complaints resolution

We have established a procedure to deal with your complaints. All complaints will be handled in a courteous and confidential manner and will be properly considered and dealt with within 90 days. If you believe you have a complaint, please contact the Superannuation Complaints Officer on (toll free) 1800 677 306 or write to:

Superannuation Complaints Officer  
GPO Box 529  
Hobart TAS 7001

Once we have investigated your complaint, you will receive a written reply. If you are not satisfied with the Trustee's response to your complaint, you may then contact the Superannuation Complaints Tribunal (SCT). The SCT is an independent body established by the Commonwealth Government to review certain types of trustee decisions. If the SCT accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Trustee to come to a mutual agreement. If conciliation is unsuccessful, the complaint is referred to the SCT for a determination that is binding on all parties to the dispute. If you wish to find out whether the SCT would handle your complaint and the type of information you would need to provide, you can contact the SCT on

Phone: 1300 780 808  
Email: [info@sct.gov.au](mailto:info@sct.gov.au)

or write to:

Superannuation Complaints Tribunal  
Locked Bag 3060, GPO Melbourne VIC 3001

## 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 Customer Service 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 and insurance charges.

## Trustee Change

On 1 January 2009, Questor Financial Services Limited replaced SMF Funds Limited as Trustee and administrator of the SMF Eligible Rollover Fund. Questor Financial Services is a subsidiary of Australian Wealth Management Limited (AWM) ABN 53 111 116 511. The Trustee has effected, and maintains in force, professional indemnity insurance to protect the interests of members.

# Summary of financial statements

## Statement of financial position as at 30 June 2009

		(Audited) 2009 \$	(Audited) 2008 \$
Investments at Market Value	Units in Pooled Superannuation Trust	103,262,942	95,183,469
		103,262,942	95,183,469
Other Assets	Cash at Bank	1,280,508	14,805,163
	GST Receivable	39,156	55,063
	Other Receivables	78,677	-
		1,359,185	14,860,226
Total Assets		104,622,127	110,043,695
Less:			
Liabilities	Other Payables	1,701,554	291,601
Total Liabilities		1,701,554	291,601
Net Assets		102,920,573	109,752,094
Represented by:			
Liability for Accrued Benefits	Allocated to Members' Accounts	102,920,047	109,734,909
	Unallocated to Members' Accounts	526	17,185
		102,920,573	109,752,094

Members may request a copy of the Audited Financial Statements.

## Operating statement for the year ended 30 June 2009

		(Audited) 2009 \$	(Audited) 2008 \$
Investment Revenue	Interest	671,918	157,987
	Changes in Net Market Values	(5,127,036)	(5,489,082)
	Management Fee Rebates	1,206,510	1,298,816
	Direct Investment Expense	(552)	(611)
		(3,249,160)	(4,032,890)
Contribution Revenue	Superannuation Guarantee Vouchers	17,864	-
	Funds Transferred In	8,448,017	23,121,792
		8,465,881	23,145,982
Total Revenue		5,216,721	19,113,092
Less:			
General Administration Expenses	Superannuation Contributions Surcharge Tax	8,931	16,623
	Other Expenses	2,159,449	2,099,308
		2,168,380	2,138,089
Benefits Accrued as a Result of Operations Before Income Tax		3,048,341	16,975,003
Benefits Accrued as a Result of Operations After Income Tax		3,048,341	16,975,003

AUDIT: Members may request a copy of the Audited Financial Statements.

## Customer Service

Telephone 1800 677 306

8.00am – 6.00pm (EST)

Email [info@awmlimited.com.au](mailto:info@awmlimited.com.au)

Facsimile (03) 6215 5933

## Postal Address

SMF Eligible Rollover Fund

GPO Box 529

Hobart TAS 7001

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