



SMF Eligible Rollover Fund
Annual Report **2010**

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The Annual Report is prepared and issued by Questor Financial Services Limited ('Questor' or 'Trustee') ABN 33 078 662 718, AFSL 240829 as Trustee for the SMF Eligible Rollover Fund ABN 82 810 851 250 ('Fund'). United Funds Management Limited ABN 65 073 86 419 ('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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The year at a glance

- For the year to 30 June 2010, your account was adjusted to reflect a net crediting rate of 7.24% pa.
- The compound average net fund crediting rate for the last five years was 1.95% pa.
- Fund assets have increased to \$105.3.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 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 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 15 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.

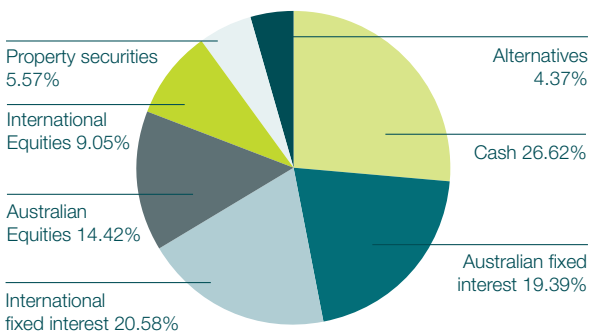
Strategy

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

Asset allocation

As at 30 June 2010, the Fund's asset allocation was as follows:

Eligible Rollover Fund June 2010



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
Property securities	0-20	6.2
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

The SMF Eligible Rollover Fund is wholly invested in the United Capital Stable 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 investment management fees and taxes. As at 30 June 2010, the underlying investment manager fee was 0.69%.

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 2010 the Fund expense rate (including all underlying investment manager and trustee fees, costs and expenses) is 2.74% p.a.

The graph on page 4 shows the Fund's net earning rates and the crediting rate over the five years to 30 June 2010. 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 1.95% 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.

SMF ERF



Taxation

Tax on investment earnings

The Fund's investment earnings are taxed at 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 884 114
Email: 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.

Abridged financial statements

Set out below are the abridged financial statements detailing the Fund's financial transactions for the year ending 30 June 2010. All members have the right to request the full audited Fund financial statements and related audit report for the year. Members will be supplied with a copy of these financial statements on request or the financial statements may be viewed by appointment at the office of the Trustee during normal business hours. If you have any enquiries in relation to the audited Fund financial statements, please contact the Trustee. The Auditor has issued an unqualified opinion in respect of the financial statements.

Extract of accounts as at 30 June	2010 (\$)	2009 (\$)
Revenue		
Investment Income	8,050,745	(4,455,670)
Sundry Income	1,405,018	1,206,510
Employer Contributions	139,027	964
Member Contributions	194,418	16,900
Transfers From Other Funds	3,256,778	8,448,017
Total Revenue	13,045,986	5,216,721
Expenses		
Benefits Paid	8,302,793	9,879,861
Management Fees	2,294,744	2,159,449
General Administration Expenses	15,005	-
Group Life and Salary Continuance Premiums		
Superannuation Contributions Surcharge	1,878	8,932
Income Tax Expense	17,267	-
Total expenses	10,631,687	12,048,242
Increase in Members' Funds	2,414,299	(6,831,521)
Balance brought forward	102,920,573	109,752,094
Members' funds	105,334,872	102,920,573
<i>Represented by</i>		
Assets		
Investments	104,981,789	103,517,235
Cash and Cash Equivalents	511,693	1,026,215
Sundry Debtors	48,177	78,677
Total Assets	105,541,659	104,622,127
Liabilities		
Creditors and Accruals	189,520	1,701,554
Income Tax Payable	17,267	-
Total liabilities	206,787	1,701,554
Net Assets	105,334,872	102,920,573
Member's Funds	105,334,872	102,920,573

Concentration of assets of the Fund

The Trustee advises that, to the best of its knowledge, at 30 June 2010:

- the SMF Master Pooled Superannuation Trust is an underlying investments of the Fund which has a value of more than five per cent of the total assets of the Fund; and
- 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.

Customer Service

Telephone: 1800 677 306 8.00am – 6.00pm (EST)

Email: info@awmlimited.com.au

Facsimile: (03) 6215 5933

Postal Address

SMF Eligible Rollover Fund
GPO Box 529
Hobart TAS 7001

