

# MASTERPLAN MANAGERS

# SUPERANNUATION FUND 2009/10 TRUSTEE ANNUAL REPORT

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## Message from the Trustee

We are pleased to present the Trustee's annual report for the year ended 30 June 2010.

The 2009/10 Fund reporting year has finished with the Australian economy in relatively good health. A combination of government stimulus, sound underlying financial structure and continuing demand for our raw materials has helped Australia emerge from the economic downturn in a better position than most other developed economies.

Despite Australia's pleasing overall economic performance, the year was noticeable for both highs and lows as some foreign economies struggled to recover from the financial crisis. Many of the superannuation funds for which we are the trustee invest a significant proportion of their value in Australian and international sharemarkets. The volatility of these markets may have affected the value of your superannuation during the reporting period.

Looking ahead, the government continues to support superannuation as a reliable long-term investment for your retirement. In the 2010 Budget the government announced the Superannuation Guarantee contribution would gradually be increased from the current annual level of 9 per cent of salaries to 12 per cent of salaries, over the next 10 years.

AXA is actively involved in supporting industry initiatives to improve governance standards and investor protection. The Trustee will continue to closely monitor the outcomes of the industry reviews and the introduction of any new legislation, keeping members informed of developments via the annual report.

The last two years in particular have shown that the need for quality financial advice remains an important part of any financial plan. Your financial adviser understands the volatility of financial markets and can help you put the performance of financial markets into perspective. Superannuation remains a tax-effective vehicle for Australians to save for their retirement years, and your financial adviser can provide quality advice to help you to grow and protect your family's wealth.



Michael Butler  
Chairman



Anthony Pagent  
Head of Trustee Management

## Super fund information

### The Trustee

N.M. Superannuation Proprietary Limited (the Trustee) is a wholly-owned subsidiary of The National Mutual Life Association Australasia Limited, herein referred to as AXA Australia. The Trustee is an RSE Licensee under the Superannuation Industry (Supervision) Act 1993 (SIS Act), which means that it has satisfied licensing conditions required by the Australian Prudential Regulation Authority (APRA). The Trustee also maintains an appropriate level of indemnity insurance.

### Changes to the Trust Deed

There were no amendments to the Trust Deed during the year.

### Investment options

Masterplan Managers Superannuation Fund offers a range of investment options, managed by the following investment managers:

- Aberdeen Asset Management Limited
- Advance Asset Management Limited
- Aviva Investors Australia Limited
- BlackRock Asset Management Australia Limited
- Certitude Global Investments Limited
- Challenger Investment Services Limited
- Challenger Managed Investments Limited
- Colonial First State Investments Limited
- Deutsche Asset Management Limited
- GMO Australia Limited
- Goldman Sachs Asset Management
- Investors Mutual Limited
- Legg Mason Asset Management Australia Limited
- Macquarie Investment Management Limited
- National Mutual Funds Management Limited
- Perennial Investment Partners Limited
- Perpetual Investment Management Limited
- Platinum Investment Management Limited
- Schroder Investment Management Australia Limited
- UBS Global Asset Management
- Vanguard Investments Australia Limited
- Zurich Investment Management Limited

### Investment strategies

The SIS Act requires the trustee to have an investment strategy in place that takes into account issues such as investment risk and liquidity. Importantly, the trustee must be able to demonstrate that the strategy is being followed.

Masterplan Managers Superannuation Fund Investment Menu offers a selection of underlying investment options, which has been approved by the Trustee, to select an investment strategy. The approved list consists of underlying managed funds, direct shares and direct fixed interest. The underlying managed funds available are offered by the Wholesale Access Facility (WAF).

### Relationship between the Trustee and some service providers

The Trustee invests in managed investment schemes where National Mutual Funds Management Limited (NMF) is the responsible entity. NMF is part of the Global AXA Group.

AllianceBernstein Australia Limited (AllianceBernstein) is also a related party of the Trustee. AllianceBernstein may provide investment management services to the investment funds issued by NMF.

NMF is entitled to change fund managers or asset allocations at any time without notice to members invested in the portfolios. This action may be undertaken to ensure the best fund managers are used. For an updated list of current fund managers please refer to the Masterplan Managers Investment Menu.

### Wholesale Access Facility (WAF)

The WAF offers managed funds for investment. The Trustee has determined that all underlying investments in the WAF are appropriate investments to meet your selected investment strategies. The responsible entity of the WAF is NMMT Limited ABN 42 058 835 573 and the custodian of WAF is RBC Dexia Investor Services Australia Proprietary Limited ABN 61 096 853 888.

### Derivatives

The Fund does not directly invest in derivatives. Please refer to investment reports of the underlying investments of your account for information on fund managers' exposure and use of derivatives.

### Net earnings – rate of return

Earnings on super investments are reflected in the change in value of the units or capital value of the selected underlying investments and income distributions and dividends from underlying investments. Generally, income distributions and dividends are paid into the cash account.

The wide choice of individual investments available to members means that earnings and performance vary from member to member. Please refer to your annual member statement for information about the earnings of your particular investments.

For further information please contact your financial adviser.

## Liquidity risk

Liquidity risk is the possibility that investments cannot be switched, cashed, transferred or rolled over as quickly as a member might wish. Different investments have different transaction processing times and therefore different levels of liquidity risk.

Investment switches, withdrawals, rollovers and transfers from a super or pension account are normally processed within 30 days of us receiving all the necessary information. The exception is where particular investments, referred to as 'illiquid investments', have a redemption period imposed by the underlying investment manager that prevents the Trustee from paying the benefit within this period. These are specifically identified in the Masterplan Managers Investment Menu.

Please ask your financial adviser for a copy of the relevant Product Disclosure Statement (PDS) for the underlying investment option or contact the appropriate fund manager for further details.

## Asset holdings greater than 5 per cent

At 30 June 2010, the following investments were greater than 5 per cent of the Fund's assets.

	% of Fund
Cash Account	23.19
Perpetual Industrial Fund	6.92

## Compensation

From time to time there are circumstances in which the Trustee needs to pay compensation to members. There are four key principles that guide the Trustee's payment of compensation to current and former members:

- The Trustee should not benefit
- Other members do not bear the cost of compensation
- Compensation is paid to members in a manner that minimises the cost and inconvenience to those members receiving the compensation, and
- Communication should be provided to affected members in all circumstances where the member would reasonably expect to be notified.

The Trustee may decide not to pay compensation to current or former members where it considers the individual compensation amounts very small.

## Super news

### Pension payments

The government has extended the halving of the legislated allocated pension minimums for a third consecutive financial year. The rationale for this is to give members' account balances more time to recover from the performance of investment markets in the last few years. Despite the very limited time frame in which to implement the change, all eligible pensioners in the Fund's allocated pension products have been given the opportunity to take advantage of the reduced pension minimums for the 2010-11 financial year.

### Government clearing house for small businesses

The government has introduced a free superannuation clearing house service to small businesses with less than 20 employees. This service came into effect on 1 July 2010.

### Contributions caps

The government has announced from 1 July 2012 it intends (subject to legislation) to permanently retain the \$50,000 cap for those aged 50 or over who have total superannuation balances less than \$500,000.

### Lost members/Unclaimed moneys

Changes to the law mean that superannuation funds are now required to pay lost accounts that have a balance of less than \$200 as unclaimed money to the Australian Taxation Office (ATO).

## Product news

### **Mortgage and property investments**

Due to ongoing constraints in the mortgage and commercial property markets, a number of direct property and mortgage funds listed on the Masterplan Managers Investment Menu remain illiquid. Over the past two years a number of fund managers have made changes to their conditions for processing applications and redemptions. The Trustee will continue to monitor these funds and the changes that are advised.

### **Annual super statements – return information**

Your annual super statement aims to put recent market volatility into perspective by providing five and ten-year return information for your investments.

### **Changes to underlying investments**

As part of AXA's commitment to keeping you informed, AXA will communicate material changes as it receives them on any of the underlying super/pension investments available on the Masterplan Managers Investment Menu. If you intend to make an additional contribution, it is also important that you have the most recent PDS for the investment option you are considering. These are available at [www.summitservice.com.au](http://www.summitservice.com.au).

## Other information

### **Payment of benefits to an Eligible Rollover Fund**

An Eligible Rollover Fund (ERF) is a special type of super fund that can accept benefits transferred from another super fund without a member's consent. Typically, an ERF has a conservative investment strategy, and the administration fees charged by the ERF cannot exceed the earnings on the member's account. If your benefits are rolled into the ERF, you will no longer be a member of, or entitled to claim any benefits from, the Fund.

There are a number of circumstances in which your benefit might be transferred to an ERF. For example, if your account balance falls below the minimum account balance required to be reinvested in the Fund we will issue an exit statement, and the ERF will advise you that it has received your benefit and outline the options available to you.

We may also pay your benefit to an ERF if we lose contact with you. If there have been no contributions or rollovers on your behalf for a minimum two-year period or if a document has been returned unclaimed, or we cannot find an address or alternative means to contact you, we will consider you a lost member. In these circumstances, we will advise the ATO that you are lost and may need to have your benefits transferred to an ERF.

The Trustee has selected the following ERF:

#### **National Preservation Trust**

NPT Administration

PO Box 6003

Wollongong NSW 2500

Telephone: 1800 331 210

Fax: 1800 779 084

Email: [administration@nptperf.com.au](mailto:administration@nptperf.com.au)

## Annual financial statements

### Masterplan Managers Superannuation Fund abridged financial information

Your annual statement will provide you with information on your benefit and forms an integral part of your annual member package. If you have misplaced your statement for the 2009/10 financial year, please contact Summit Client Service on 1800 622 772 for a replacement.

The following is a copy of the abridged financial information for the financial year ended 30 June 2010. A copy of the complete financial statements and auditor's report may be obtained by contacting Summit Client Service.

#### Statement of financial position as at 30 June 2010

	2010 \$	2009 \$
<b>Investments</b>		
Investments in unit trusts	41,940,251	93,209,642
Investments in equities	5,031,753	9,779,684
<b>Total investments</b>	<b>46,972,004</b>	<b>102,989,326</b>
<b>Other assets</b>		
Cash and cash equivalents	14,300,025	25,751,296
Other receivables	159,870	178,085
Deferred tax asset	1,099,011	2,097,988
<b>Total other assets</b>	<b>15,558,906</b>	<b>28,027,369</b>
<b>Total assets</b>	<b>62,530,910</b>	<b>131,016,695</b>
<b>Less liabilities</b>		
Current tax liability	83,693	1,143,342
Accounts payable	173,107	342,892
<b>Total liabilities</b>	<b>256,800</b>	<b>1,486,234</b>
<b>Net assets available to pay benefits</b>	<b>62,274,110</b>	<b>129,530,461</b>
Represented by:		
<b>Total liability for accrued benefits</b>	<b>62,274,110</b>	<b>129,530,461</b>

#### Operating statement for the financial year ended 30 June 2010

	2010 \$	2009 \$
<b>Investment revenue</b>		
Distributions from unit trusts	4,636,595	10,894,465
Dividends	401,164	695,847
Interest	557,459	2,237,530
Changes in net market value of investments	6,872,433	(25,339,129)
<b>Net investment revenue</b>	<b>12,467,651</b>	<b>(11,511,287)</b>
<b>Contribution revenue</b>		
Employer	385,939	1,633,452
Members	313,577	845,924
Superannuation co-contributions	20,881	23,979
Transfer from related funds	16,324	317,032
<b>Total contribution revenue</b>	<b>736,721</b>	<b>2,820,387</b>
<b>Other revenue</b>		
Other	4,568	15,358
<b>Total other revenue</b>	<b>4,568</b>	<b>15,358</b>
<b>Total revenue</b>	<b>13,208,940</b>	<b>(8,675,542)</b>
<b>Less expenses</b>		
Administration expenses	1,996,369	3,075,592
<b>Total expenses</b>	<b>1,996,369</b>	<b>3,075,592</b>
<b>Benefits accrued/(reduced) as a result of operations before income tax</b>	<b>11,212,571</b>	<b>(11,751,134)</b>
Less income tax benefit	(514,660)	(1,549,826)
<b>Benefits accrued/(reduced) as a result of operations after income tax</b>	<b>11,727,231</b>	<b>(10,201,308)</b>

**Cash flow statement as at 30 June 2010**

	2010 \$	2009 \$
	Inflows/ (Outflows)	Inflows/ (Outflows)
<b>Cash flow from operating activities</b>		
Benefits paid	(58,132,953)	(61,810,543)
Contributions received	720,396	2,503,356
Interest received	557,459	2,237,530
Income tax refund	453,990	251,357
General expenses	(2,166,155)	(3,197,658)
Transfers (to)/from related funds	(10)	738
Dividends and trust distributions received	5,060,541	11,873,498
<b>Net outflows of cash from operating activities</b>	<b>(53,506,732)</b>	<b>(48,141,722)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	42,716,638	46,496,798
Purchase of investments	(661,177)	(4,823,351)
<b>Net inflows of cash from investing activities</b>	<b>42,055,461</b>	<b>41,673,447</b>
Net decrease in cash held	(11,451,271)	(6,468,275)
Cash at the beginning of the financial year	25,751,296	32,219,571
<b>Cash at the end of the financial year</b>	<b>14,300,025</b>	<b>25,751,296</b>

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