



# Personal Super Personal Pension

## 2010/11 TRUSTEE ANNUAL REPORT

For the year ended 30 June 2011

### Message from the Trustee

We are pleased to present the Trustee's annual report for the year ended 30 June 2011.

During the 2010/11 Fund reporting year, investors' confidence was shaken by sovereign debt problems in Europe and disagreement in the US over raising its debt ceiling. This revived concerns that some countries may fall back into recession.

Australia is relatively well placed to withstand another global slowdown. Australia's key export markets in Asia are secure and enjoying strong growth. Low levels of government debt leave plenty of room to stimulate the economy and there is also scope for the Reserve Bank of Australia to reduce interest rates. And more cautious Australian households have built up a large savings buffer that wasn't in place at the start of the global financial crisis in 2008.

As policy makers across the globe continue to address deficit and debt issues, investment markets remain volatile. Many of the superannuation funds for which we are the Trustee invest a significant proportion of their value in international and Australian sharemarkets. The volatility of these markets may have affected the value of your superannuation during the reporting period.

Meanwhile, the Australian Government is set to change the superannuation landscape. The Stronger Super proposals are designed to make super simpler and more efficient, while the Future of Financial Advice reforms are designed to improve consumer confidence and strengthen your relationship with your financial adviser. We are continuing to work through the detail of the legislation with the government to achieve the best outcome for our clients.

In March 2011, AXA's Australian and New Zealand businesses merged with AMP. While the integration of AMP and AXA continues, please be assured that the Trustee will remain focussed on protecting the interests of all Fund members.

The need for quality financial advice remains an important part of any financial plan. Your financial adviser can work with you to understand investment markets and help you grow and protect your family's wealth.

Michael Butler  
Chairman

Peter Wilby  
Head of Trustee Management

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## Super fund information

Summit Personal Super and Personal Pension are part of the Wealth Personal Superannuation and Pension Fund (the Fund).

### The Trustee

N.M. Superannuation Proprietary Limited ABN 31 008 428 322, AFS Licence No. 234654 (the Trustee) is a wholly-owned subsidiary of The National Mutual Life Association of Australasia Limited, part of the AMP Limited Group (AMP Group), and will be referred to as AXA. 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 Fund is a regulated fund under the SIS Act. The Trustee has not received any notices or penalties for non-compliance during the reporting period and has formally resolved that the Fund will at all times be administered in strict compliance with all applicable acts and regulations.

The Trustee also maintains an appropriate level of indemnity insurance for protection against losses that may occur as a result of a claim against it for breach of professional duty.

The Directors of N.M. Superannuation Proprietary Limited during the year ended 30 June 2011 were:

- Michael Butler (Chairman)
- Darryl Mackay
- Paul Cooper (resigned 30 March 2011)
- Graeme Thompson (appointed 30 March 2011)
- Martin Hudson
- Max Ormsby
- Gary Dickson

### AXA AMP merger

On 31 March 2011, AXA Asia Pacific Holdings Limited and all of its Australian and New Zealand subsidiaries ceased to be members of the Global AXA Group and became members of the AMP Group. For more information please visit [axa.com.au/aph](http://axa.com.au/aph).

### Changes to the Trust Deed

The Trust Deed was amended to allow the Trustee to charge a member advice fee on new accounts from 1 July 2010, provided that the member and adviser have agreed to the member advice fee.

## Investment managers

The Fund offers a wide range of investment options, managed by the following investment managers:

- Aberdeen Asset Management Limited
- Advance Asset Management Limited
- AMP Capital Investors Limited
- Ausbil Dexia Limited
- Aviva Investors Australia Limited
- Bell Asset Management Limited
- BlackRock Investment Management Limited
- BNP Paribas Investment Partners (Australia) Limited
- BT Investment Management Limited
- Certitude Global Investments Limited
- Challenger Investment Services Limited
- Challenger Managed Investments Limited
- Colonial First State Investments Limited
- Deutsche Asset Management Limited
- Eley Griffiths Group
- Equity Trustees Limited
- Fidelity Investments Australia Limited
- GMO Australia Limited
- Goldman Sachs Asset Management
- Grant Samuel Fund Services Limited
- Hunter Hall Investment Management Limited
- Integrity Investment Management Australia Limited
- INVESCO Australia Limited
- Investors Mutual Limited
- ipac asset management limited
- Ironbark Funds Management Limited
- Lazard Asset Management
- Legg Mason Asset Management Australia Limited
- Macquarie Investment Management Limited
- Magellan Asset Management Limited
- MLC Investments Limited
- nabInvest Managed Investments Limited
- National Mutual Funds Management Limited
- OnePath Funds Management Limited
- Perennial Investment Partners Limited
- Perpetual Investment Management Limited
- Platinum Investment Management Limited
- PM Capital Limited
- RARE Infrastructure Limited
- Schroder Investment Management Australia Limited
- Solaris Investment Management Limited
- Tyndall Asset Management Limited
- UBS Global Asset Management
- Vanguard Investments Australia Limited
- Zurich Investment Management Limited

Summit also offers a range of direct securities including term deposits, direct equities in the S&P/ASX 300, hybrid securities, exchange traded funds, exchange traded commodities, listed property trusts, listed investment companies and fixed interest securities. For more information please refer to the Summit Investment Menu.

## Investment strategy – super funds

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.

The investment strategy for the Fund is to offer a range of investments that members can select from. The investments are made up of a range of managed funds, term deposits and listed securities that are explained in the Summit Investment Menu. An investment committee reviews the investment strategies on offer.

The Trustee does not invest in derivatives for the Fund. However, underlying fund managers may do so. Derivatives are securities that derive their value from other assets or indices. Examples of derivatives include futures and options.

Members are required to direct the Trustee to invest their total assets into the asset strategies and/or listed securities they select from the Summit Investment Menu.

## Relationship between the Trustee and some service providers

The Trustee invests in managed investment schemes where National Mutual Funds Management Limited (NMF) and ipac asset management limited (ipac) are the responsible entities. NMF and ipac are part of AMP 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 and ipac.

ipac is responsible for the selection and ongoing monitoring of fund managers for investments operated by ipac as the responsible entity.

Both ipac and NMF are 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.

The Trustee has appointed RBC Dexia Investor Services Trust as custodian to hold all assets in the Fund. The Trustee reserves the right to change the custodian without prior notice to members.

For an updated list of current fund managers please refer to the Summit Investment Menu.

## Net earnings – rate of return

Earnings on investments are reflected by a change in capital value plus income distributions, if any. Income distributions are paid into the cash account.

The wide choice of individual investments available to Summit 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.

Your annual member statement contains details about the performance of your super investments. For further information please contact your financial adviser.

## Liquidity risk

Liquidity risk is the possibility that an investment 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 lengthy redemption period imposed by the underlying investment manager that prevents the Trustee from paying the benefit within this period. These investments are specifically identified in the Summit 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.

In the event that your investments were to become illiquid, the value of your cash account may fall below zero. This could be due to the Trustee's inability to sell down the assets of your illiquid funds to pay the costs incurred on your account, such as fees and insurance.

To try and protect the value of your cash account from falling further into negative and to reduce the amount of interest payable on your cash account balance, the Trustee may invoke certain restrictions on your account. These restrictions include, but are not limited to, reducing pension payments, reducing certain fees, ceasing withdrawals and cancelling your insurance.

## Asset holdings greater than 5 per cent

At 30 June 2011, the following investments were greater than 5 per cent of the Fund's assets.

Wealth Personal Superannuation and Pension Fund	% of Fund
Pathways 70	9.02
Cash Account	7.80
Pathways 85	5.21

## Compensation

There may be 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.

## Proxy voting – super and pension

From time to time, NMMT Limited (NMMT) ABN 42 058 835 573 as platform operator (and agent of the Trustee) votes on behalf of super and pension members on actions related to custodial holdings of managed investment schemes otherwise known as managed investment options or managed funds.

### Why does NMMT vote on behalf of members?

NMMT generally votes only on contentious resolutions, which have the potential to change the nature of the managed investment scheme. Resolutions that NMMT might be asked to vote on include but are not limited to the following:

- a change in the constitution of the managed investment scheme, that has the potential to materially affect the nature of the scheme
- a change in the Responsible Entity of the managed investment scheme
- to list the managed investment scheme
- to sell the assets of the managed investment scheme
- a merger or acquisition of the managed investment scheme by another entity
- changes to voting rights
- resolutions proposed by members
- issues that have attracted extensive press coverage or public comment.

### How does NMMT vote on behalf of super and pension members?

NMMT has a formal voting policy. This policy sets out the principles that NMMT applies when exercising its voting entitlements on behalf of super and pension members. NMMT recognises that voting is a valuable right, which should be actively managed and exercised in the best interests of all members.

A copy of the Voting Policy is available to members on request by writing to the Trustee:

Head of Trustee Services

N.M. Superannuation Proprietary Limited

GPO Box 1385M

MELBOURNE VIC 3001

### Summary of resolutions NMMT voted on for Summit members between 1 July 2010 and 30 June 2011

Resolutions	Date	Outcome passed <sup>1</sup>
Challenger Howard Mortgage Fund – Proposed Changes to the Constitution	30 Sep 2010	For
Deutsche retired as the Responsible Entity (RE) for the DWS Strategic Value Fund and Ironbark Asset Management became the RE. The fund name was updated to reflect this change to the Ironbark Global Diversified Alternatives Fund.	6 Jun 2011	For

<sup>1</sup> Please note that in this instance Outcome passed refers to majority shareholder vote.

## Super news

### Pension payments

The government has extended the pension drawdown relief that has been provided over the last three years. Minimum payment amounts for account-based pensions will be reduced by 25 per cent until 2012/13 and may return to normal in 2013/14.

Reducing the minimum payment amount is intended to assist members to recoup capital losses incurred as a result of the global financial crisis. It also provides additional flexibility with payment options.

### Flood levy and superannuation

For the 2011/12 year, the government has introduced a Temporary Flood and Cyclone Reconstruction Levy (flood levy) applying to taxable income. The flood levy is designed to assist affected communities recover from the recent floods by providing additional funding to rebuild essential infrastructure.

In 2011/12, if you claim a lump sum payment with a taxable component of more than \$50,000 or are in receipt of pension payments with a taxable component of over \$50,000 and you are between preservation age and 60 years old, we are required to deduct the flood levy from your benefit. Pension members aged 60 and over will not be affected by the flood levy.

Additionally, if in 2011/12, you receive a lump sum insurance benefit with a taxable component of more than \$50,000 or are in receipt of insurance payments with a taxable component of over \$50,000, we are required to deduct the flood levy from your benefit.

### Contributions cap

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 of less than \$500,000.

### Refund of excess concessional contributions

In the 2011/12 Federal Budget, the government announced that, from 1 July 2011, individuals who breach the concessional contributions cap by \$10,000 or less can request that the excess contributions be withdrawn from the super fund and refunded to them. Those excess concessional contributions will be taxed at the individuals highest tax rate.

This proposed change, if passed by parliament, will only apply for first time breaches of the concessional cap and for contributions made in the 2011/12 financial year onwards.

## **ATO SuperMatch**

Lost superannuation member accounts and unclaimed superannuation contributions are registered with the ATO. AXA may provide account details and TFNs to the ATO for the purposes of searching for lost superannuation accounts with their SuperMatch system.

The information supplied by us will be checked against the ATO's lost members register, superannuation guarantee and super holding account reserve records. If funds are identified, the ATO will notify the member in writing.

This service is provided free of charge and will assist members to better manage their super for retirement.

## **Early release of superannuation benefits on compassionate grounds**

As of 1 November 2011, the Department of Human Services (DHS) has taken over the administration of early release of superannuation benefits on compassionate grounds from APRA.

There will be no change made to the grounds of early release of superannuation on compassionate grounds. Applicants that currently have applications in progress will not need to supply new application forms or take any other action for their application to be processed.

DHS can be contacted on:

Early Release of Superannuation Branch  
PO Box 1001

TUGGERANONG DC ACT 2901

Phone: 1300 131 060

Fax: 1800 228 445

Web: [humanservices.gov.au](http://humanservices.gov.au)

Email: [ERSBenquiries@humanservices.gov.au](mailto:ERSBenquiries@humanservices.gov.au)

## **Product news**

### **Existing group insurance members**

In 2010, we advised you that the indexation benefit was automatically available to eligible members with group insurance.

In the event of a claim the Indexation benefit increases your level of cover in-line with the Consumer Price Index (CPI). These increases are applied on 1 July each year and will continue while you are on claim.

CPI increases will only apply to claims that occur after the date of the increase. So if you are already eligible to claim or are on claim at the time of a CPI increase, the amount payable will be the level of cover that applied at the time you became eligible to claim. Any increase in cover while on claim will apply to later claims or separate claims.

If you require further information, please contact your financial adviser.

## **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 Summit 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. Summit will continue to monitor these funds and changes that are advised.

## **Changes to investments and other instructions on a member's death**

On the Trustee receiving written notification of a member's death, applicable assets and any insurance benefit (if applicable) will be allocated to the cash account (unless a reversionary pension has been selected). This amount and any interest earned will then be made available to the Trustee for distribution to beneficiaries.

Any existing standing investment instructions, regular savings plans, pension payments, adviser remuneration and online authorities may also be cancelled upon receipt of notification of the member's death.

## **Changes to underlying investments**

As part of our commitment to keeping you informed, we will communicate material changes as we receive them on any of the underlying investments.

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. PDSs are available on the Summit website [summitservice.com.au](http://summitservice.com.au).

## **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.

## **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. However, legislation permits the Trustee to recover its administration costs where the Fund earnings are less than the administration costs. 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 benefits in the Fund might be transferred to an ERF. For example, if your account balance falls below the minimum account balance required in the Fund, we will issue you with an exit statement. The ERF will also advise 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 and 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)

### Dispute resolution procedure

The Trustee has established a procedure to deal fairly with member complaints. All complaints will be handled in a courteous and confidential manner and will be properly considered and dealt with by the Fund's Complaints Officer within 45 days of receipt.

To make a complaint, please contact Summit Client Service on 1800 622 772 or write to:

Summit Client Service  
GPO Box 2754  
MELBOURNE VIC 3001

If your complaint has not been resolved within 90 days, or if you are not satisfied with the Trustee's response to your complaint, you may contact the Superannuation Complaints Tribunal (SCT). It is an independent body set up by the government to assist members, or their beneficiaries, to resolve superannuation related complaints.

You may only approach the SCT after going through the Fund's internal complaint procedure. The SCT can be contacted on 1300 884 114 or by writing to:

Superannuation Complaints Tribunal  
Locked Bag 3060  
MELBOURNE VIC 3001

Website: [www.sct.gov.au](http://www.sct.gov.au)

## Annual financial statements

Your annual member statement will provide you with information on your benefit.

If you require another copy of your statement for the 2010/11 financial year, please contact Summit Client Service on 1800 622 772 or go to [summitservice.com.au](http://summitservice.com.au).

### Wealth Personal Superannuation and Pension Fund abridged financial information

The following statements have been extracted from the audited accounts of the Fund. 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 2011

	2011 \$	2010 \$
<b>Investments</b>		
Investments in equities	584,000,482	–
Term deposits	518,060,120	–
Investments in managed investment schemes	11,355,526,842	1,085,699,483
Fixed interest securities	598,342	–
Life office policies	3,360,288	–
<b>Total investments</b>	<b>12,461,546,074</b>	<b>1,085,699,483</b>
<b>Other assets</b>		
Cash and cash equivalents	1,063,941,012	85,212,281
Other receivables	6,158,111	454,783
Deferred tax asset	108,123,397	–
Guarantee income receivable	13,650	2,020
Financial instrument held at fair value through profit or loss	4,935,664	5,774,111
<b>Total other assets</b>	<b>1,183,171,834</b>	<b>91,443,195</b>
<b>Total assets</b>	<b>13,644,717,908</b>	<b>1,177,142,678</b>
<b>Less liabilities</b>		
Current tax liability	66,098,855	3,014,605
Deferred tax liability	–	990,746
Accounts payable	18,625,121	3,629,794
<b>Total liabilities</b>	<b>84,723,976</b>	<b>7,635,145</b>
<b>Net assets available to pay benefits</b>	<b>13,559,993,932</b>	<b>1,169,507,533</b>
Represented by:		
<b>Total liability for accrued benefits</b>	<b>13,559,993,932</b>	<b>1,169,507,533</b>

**Operating statement  
for the financial year ended 30 June 2011**

	2011 \$	2010 \$
<b>Investment revenue</b>		
Dividends	44,170,645	–
Interests	64,099,373	2,584,546
Distributions from managed investment schemes	485,166,550	30,372,190
Changes in net market value of investments	467,223,198	26,857,606
<b>Net investment revenue</b>	<b>1,060,659,766</b>	<b>59,814,342</b>
<b>Contributions revenue</b>		
Employer	310,330,212	22,763,635
Members	453,619,998	77,280,756
Superannuation co-contributions	6,899,422	–
Transfer from external funds	975,411,740	505,309,440
Transfer from related funds	58,201,143	–
<b>Total contribution revenue</b>	<b>1,804,462,515</b>	<b>605,353,831</b>
<b>Other revenue</b>		
Guarantee income	102,993	111,973
Net gains on financial instrument held at fair value	(838,447)	4,939,925
Life insurance claims	7,411,311	–
Other	564,833	78,708
<b>Total other revenue</b>	<b>7,240,690</b>	<b>5,130,606</b>
<b>Total revenue</b>	<b>2,872,362,971</b>	<b>670,298,779</b>
<b>Less expenses</b>		
Administration expenses	148,675,861	21,513,385
Insurance premium	37,399,206	4,552,373
Guarantee expense	16,571,447	12,061,432
Surcharge expense	49,557	–
<b>Total expenses</b>	<b>202,696,071</b>	<b>38,127,190</b>
<b>Benefits accrued as a result of operations before income tax</b>	<b>2,669,666,900</b>	<b>632,171,589</b>
Less income tax expense	85,330,558	4,863,302
<b>Benefits accrued as a result of operations after income tax</b>	<b>2,584,336,342</b>	<b>627,308,287</b>

**Statement of cash flows  
for the financial year ended 30 June 2011**

	2011 \$ Inflows/ (Outflows)	2010 \$ Inflows/ (Outflows)
<b>Cash flow from operating activities</b>		
Benefits paid	(1,435,924,504)	(92,897,774)
Contributions received	1,722,974,587	605,353,832
Interest received	42,862,888	2,584,547
Income tax refund/(paid)	2,270,384	(2,420,940)
Superannuation surcharge paid	(49,557)	–
General expenses	(183,686,720)	(25,604,784)
Guarantee expenses	(16,370,091)	(11,458,360)
Transfers from related funds	14,744,109	–
Guarantee income	91,363	124,098
Other income	615,584	78,707
Dividends and trust distributions received	440,104,886	30,372,190
<b>Net inflows of cash from operating activities</b>	<b>587,632,929</b>	<b>506,131,516</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	2,447,763,187	176,343,474
Payments for purchase of investments	(2,957,313,482)	(664,954,439)
<b>Net outflows of cash from investing activities</b>	<b>(509,550,295)</b>	<b>(488,610,965)</b>
<b>Net increase in cash held</b>	<b>78,082,634</b>	<b>17,520,551</b>
<b>Cash at the beginning of the financial year</b>	<b>985,858,378</b>	<b>67,691,730</b>
<b>Cash at the end of the financial year</b>	<b>1,063,941,012</b>	<b>85,212,281</b>