

ANNUAL REPORT

# 2011/12



nsf **super**  
simple.

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## **Our push for paperless**

For the second year, unless you tell us otherwise, your Annual Report will now be available to view or download from the NSF Super website at [nfsuper.com.au/annualreport](http://nfsuper.com.au/annualreport). You can also ask to receive a free electronic copy by email or printed copy by post - simply contact the NSF Super team on [enquiries@nfsuper.com.au](mailto:enquiries@nfsuper.com.au) or 1800 025 241.



This Annual Report provides important details of NSF Super's activities and investments for the financial year ended 30 June 2012.

A summary of the benefits and features of NSF Super can be found in the Product Disclosure Statement, available at [nfsuper.com.au/PDS](http://nfsuper.com.au/PDS) or by contacting the NSF Super team.

# your Nationwide Superannuation Fund

The Nationwide Superannuation Fund (NSF Super) continues to operate under its mission statement of 'making super simple' for members. Established in 1987, NSF Super also remains committed to its original objectives – to establish and grow a multi-industry super fund that provides exceptional products and services.

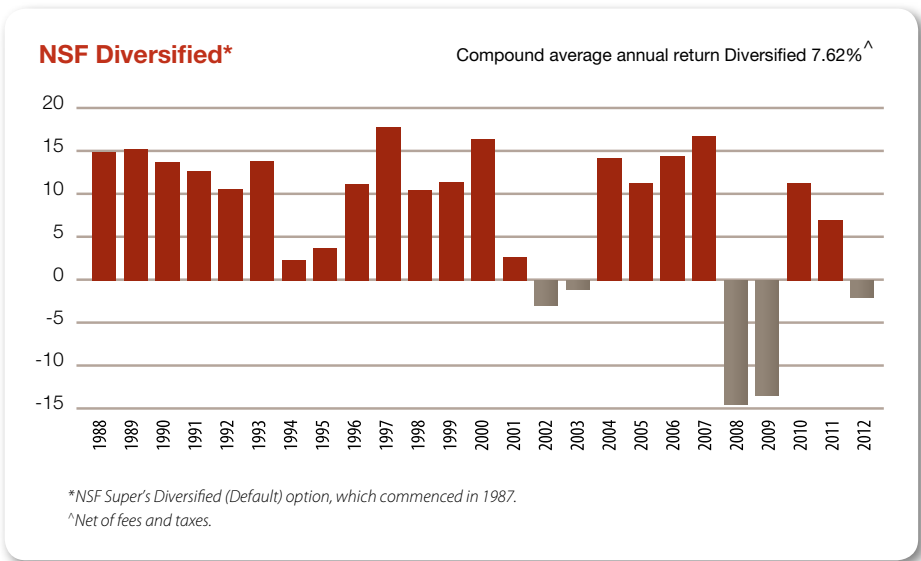
As a member based organisation, NSF Super is not driven to maximise profits for shareholders. Instead, the Fund is able to return benefits to members by keeping fees low, providing competitive and value-added product features, along with highly-regarded, personalised service.

In an industry that can be complex by nature, NSF Super continues to review and refine its product offerings and processes to make it easier for members to understand the details of their super savings and help them to make informed financial decisions.

NSF Super remains proud of its reputation for exceptional service and helping members to maximise their super entitlements, which are among the reasons the Fund continues to attract members from all over Australia in a diverse range of industrial, manufacturing, retail, service and professional industries.

## 25 years of solid performance for members

NSF Super is proud of its history when it comes to competitive long-term returns for members.



Please remember that past performance is no indication of future performance.

# your fund news



**Owen Kilpatrick**  
Chairman

## Chairman's report

### **Welcome to the 2011/12 Nationwide Superannuation Fund (NSF Super) Annual Report.**

Early 2012 saw NSF Super celebrate 25 years of operation. Established in 1987 as the Northern Superannuation Fund by the Newcastle Trades Hall Council (NSW), it shortly became the fund of choice for the Federated Ironworkers Association (later merged with AWU). NSF Super now proudly offers a full suite of super savings and retirement products for over 80,000 members employed across a range of industries and around the country.

While appreciating the evolution of the industry throughout our history, the super industry is currently moving through a period of legislative reform on a scale that has not been experienced since the introduction of compulsory super contributions. The two main components of the reforms are known as SuperStream and MySuper. The NSF Super Trustees are committed to ensuring that the Fund will meet all of its legislated obligations and look forward to our members and contributing employers experiencing the benefits of these changes.

While this report will provide details of another period of tough market conditions for the financial year, providing significant challenges with regards to investment returns across the majority of sectors, NSF Super has achieved solid results and has maintained a long-term focus in relation to investment decisions. You can see how investment markets have performed during the last 12 months in the 'your investment performance' section of this Annual Report.

To help NSF Super meet the ongoing needs of our members, we introduced the NSF Super Pre-Retirement Pension and NSF Super Pension products in September 2011. Designed to benefit members moving out of the super accrual phase and into retirement, they provide a regular pension payment from your super savings as opposed to a lump sum benefit. We are pleased to note that a number of our members have opened these pension accounts since launch.

At the start of the 2012/13 financial year, a number of changes were also introduced with regards to our insurance provider and offering, along with a simplified fee structure. After a detailed review of insurance arrangements, it was announced that MetLife Insurance Limited would become the provider of Death, TPD and Income Protection insurance cover. Under the new arrangements, members will benefit from higher automatic default cover, and a range of extra options.

*The NSF Super Trustees are committed to ensuring that the Fund will meet all of its legislated obligations.*

As a not-for-profit organisation, it is the responsibility of the Trustee of NSF Super to ensure that ongoing administration and management costs are shared equally amongst all members. In order for the Fund to continue to operate in a prudent and equitable manner, a review was also undertaken of our fee arrangements resulting in a number of fee changes that were introduced from 1 July 2012. Again, we anticipate these changes to result in a more competitively priced offering for the overwhelming majority of our members.

As independent confirmation of our competitive position, a review of our products was conducted by the Heron Partnership Super Fund Ratings, which has awarded the Employer Sponsored and Personal Divisions their highest rating of 5 Quality Stars for 2012/13.

On 11 July 2012 Matthew Burgess was appointed to the Trustee Board. Matthew's business and investment knowledge will be of great benefit to the Fund. During the year David Churchley resigned as a Trustee. David's contribution to the Trustee Board and the Fund is gratefully acknowledged.

I would like to thank the members of the Trustee Board for their assistance and effort throughout the year.

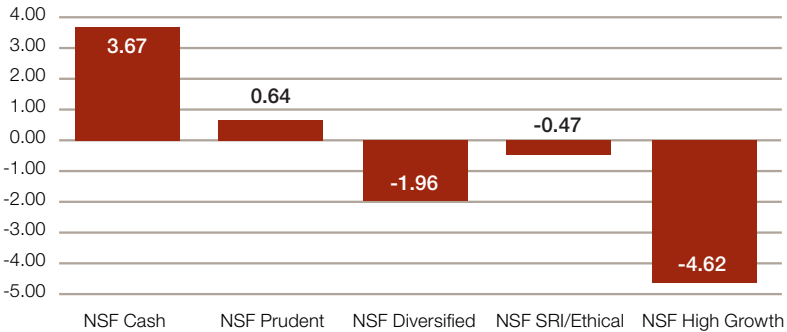
Looking forward into the year, NSF Super will be introducing a new personal advice service for members. As more of our members are looking to the Fund for information and options that relate to their personal circumstances, we will be able to offer advice around selecting investment options, the amount of insurance cover that is suitable, retirement adequacy, making contributions and transition to retirement options. Advice will be provided over the phone through our call centre team or members will be able to access a do-it-yourself website tool.



# your NSF Super – key facts at a glance

- Over 80,000 members nationwide
- Over 4,000 contributing employers
- More than \$425 million in funds under management
- Created to run only for the benefit of members
- No entry or contribution fees
- No commissions paid to advisers
- A history of competitive long-term returns

## Returns for financial year to 30 June 2012



*Note: Past performance is no indication of future performance*



# your investment performance – looking back at the year

The financial year to June 2012 has been difficult for investors. July 2011 started off weak and the year saw a narrow upturn in late 2011. However, global recovery again slowed sharply in the March quarter of 2012, with all major regions enduring significant losses of market momentum.

Member option performance over the year to June 2012 can be attributed to a mixture of dynamic asset allocation decisions, asset class performance and investment manager performance. On a strategic asset allocation level, continued overweights to shares and cash and underweight to defensive fixed income assets detracted from overall option performance particularly in the September 2011, December 2011 and June 2012 quarters. March was the only quarter this year that saw a strong market environment, in which we saw share markets thrive.

## Australian shares

At an asset class level, the Australian shares portfolio underperformed the S&P/ASX 300 benchmark over the year to date as a result of overweight positions in resources and energy, and underweight positions in defensive and high dividend yielding sectors such as telecommunications and utilities.

## Global shares

Global shares saw an array of changes over the year, moving from individual manager allocations to a combination of Mercer Multi-Manager Funds investing in global shares, emerging markets and global small cap stocks. The portfolio became significantly more diversified which resulted in it outperforming for the year to June 2012. This, combined with the slight overweight to international shares, contributed to positive portfolio performance for the year.

## Real assets

Global listed property provided good absolute returns over the year. However, it did underperform the benchmark because of an underweight to the United States. Direct property was a significant detractor from performance over the year. Infrastructure worked to be a great diversifier yielding some of the highest returns over the year. This, along with the portfolio's slight overweight to infrastructure over the year has positively contributed to performance.

## Fixed income

In a volatile year, both Australian and global defensive fixed income flourished as a result of interest rates and yields falling. Underlying inflation-linked, sovereign bond and investment-grade credit investment managers earned higher total returns than any of NSF Super's other portfolios over the year. As a result, NSF Super's underweight to defensive fixed income was a key loss of value-add. While NSF Super is expanding the allocation to growth fixed income, the existing managers in emerging market debt and high yield performed well above their respective benchmarks.

## Cash

Cash outperformed the benchmark as a result of being invested in term deposits; however the overweight to cash in lieu of defensive fixed income detracted from overall fund performance.



# your investment performance – investment market outlook

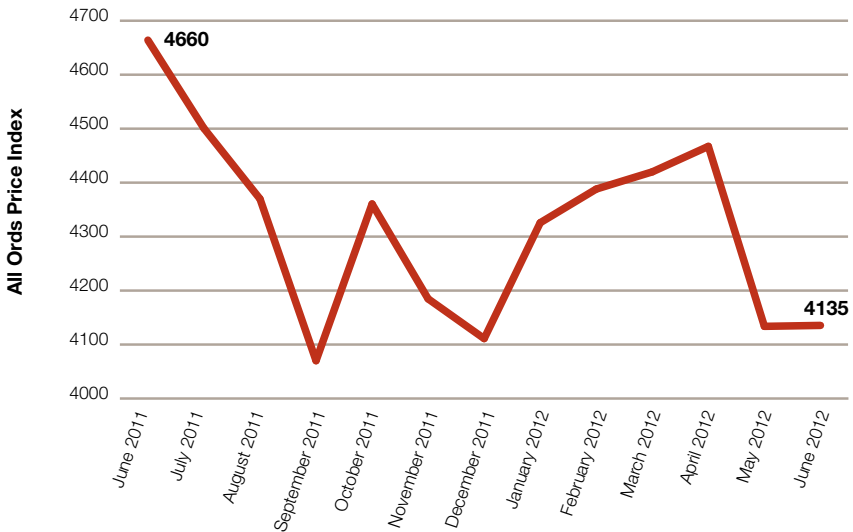
While some of the global underlying economic problems from 2011/12 have not yet been solved, the general economic outlook for the 2012/13 year appears to be slightly more optimistic. The Australian economy continues to perform relatively better than that of most other countries; however this was not readily reflected in the investment returns achieved last year.

The coming year should see a moderation of the volatility of the past few years, and an improvement in investment returns, as evidenced in the market performance for the first two months of this financial year. The Reserve Bank of Australia is expected to keep interest rates low in the medium term, with a further reduction in rates possible before the end of the 2012 calendar year.

While there are still a number of overseas economies, especially in Europe, that continue to face challenges of managing debt, there are some signs of progress being made, albeit small steps, which should assist in painting a better investment outlook over the next few years. Markets will welcome signs of strong leadership from governments, especially in Europe and the US, and if these are forthcoming, the outlook for investors will be even better.

The fundamental importance of having diversified investments, across a number of asset classes, and in domestic and overseas markets, continues to be a sound basis for investment philosophy. Investors will be rewarded for maintaining a longer term view of investments, which is especially important in the context of superannuation savings.

**Australian Share Market Movement 2011/12**



# your investment options

## Option

### **NSF Diversified (Default)**

*\*Inception – 1987 (Super), 1 July 2011\*\* (Pension)*

The NSF Diversified option is the default option in which your balance and contributions are invested where you have not made an investment choice.

Aims to produce an investment return of at least 3% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 7 year period (as at 30 June).

This option is designed for members who want a moderate level of return over the medium term. There will be some fluctuations of returns from year to year.

The option provides balanced investment diversification by investing across a wide range of growth and defensive asset types, namely Australian and global shares, property, fixed income, infrastructure, alternative investments and cash.

On average, this option may produce a negative return in three years over a 20 year period, making it a medium to high risk investment option.

## Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2006	14.43	N/A	3.98
30 June 2007	16.77	N/A	2.07
30 June 2008	-14.35	N/A	4.51
30 June 2009	-13.41	N/A	1.46
30 June 2010	11.29	N/A	3.05
30 June 2011	7.04	N/A	3.60
30 June 2012	-1.96	-1.17	1.18

Compound average			
5 year	-2.83	N/A	2.75
7 year	2.11	N/A	2.83
Since inception*	7.62	-1.17	3.17

*Please remember that past performance is no indication of future performance.*

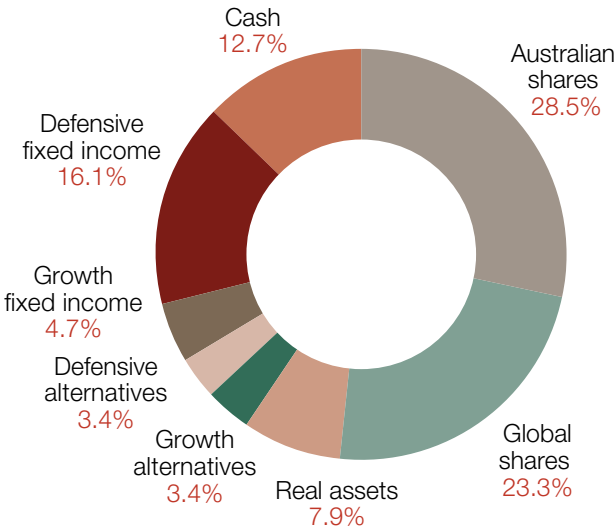
*\*\* Pension Product launched 1 September 2011. Earning rates for 2011/12 financial year have been annualised from 1 July 2011.*

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2011 <sup>^</sup>	At 30 June 2012
Australian shares	15-40	27	32.2	28.5
Global shares	10-35	22	25.8	23.3
Real assets	0-20	7	8.2	7.9
Growth alternatives	0-10	5	6.8	3.4
Defensive alternatives	0-10	1		3.4
Growth fixed income	0-20	8	15.3	4.7
Defensive fixed income	10-35	23		16.1
Cash	0-20	7	11.7	12.7

<sup>^</sup> The target asset allocation and asset class categories changed in 2011/12, following a review of NSF Super's investment options.

## Asset allocation at 30 June 2012



# your investment options

## Option

### NSF High Growth

*\*Inception – 1 July 2003 (Super), 1 July 2011\*\* (Pension)*

Aims to produce an investment return of at least 4% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 7 year period (as at 30 June).

This option provides investment diversification by investing across a wide range of growth assets including Australian and global shares, property, fixed income, infrastructure and alternatives.

On average, this option may produce a negative return in four years over a 20 year period, making it a high risk investment option.

## Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2006	21.63	N/A	3.98
30 June 2007	17.47	N/A	2.07
30 June 2008	-15.56	N/A	4.51
30 June 2009	-15.44	N/A	1.46
30 June 2010	13.32	N/A	3.05
30 June 2011	5.81	N/A	3.60
30 June 2012	-4.62	-4.29	1.18
<b>Compound average</b>			
5 year	-3.97	N/A	2.75
7 year	2.23	N/A	2.83
Since inception*	4.90	-4.29	2.75

*Please remember that past performance is no indication of future performance.*

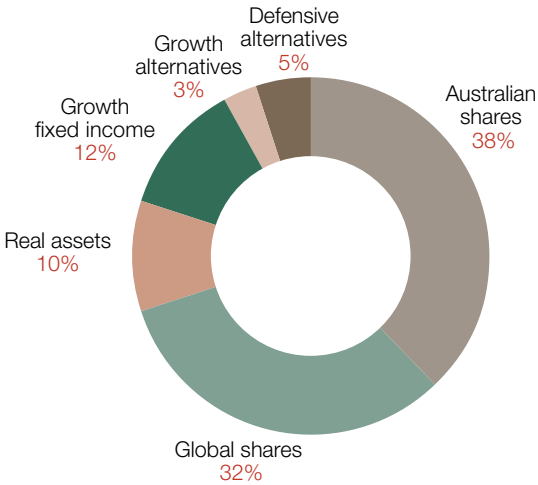
*\*\* Pension Product launched 1 September 2011. Earning rates for 2011/12 financial year have been annualised from 1 July 2011.*

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2011 <sup>^</sup>	At 30 June 2012
Australian shares	15-55	38	55	38
Global shares	15-55	32	35	32
Real assets	0-20	10	0	10
Growth fixed income	0-25	12	5	12
Growth alternatives	0-10	3		3
Defensive alternatives	0-10	5	5	5

<sup>^</sup> The target asset allocation and asset class categories changed in 2011/12, following a review of NSF Super's investment options.

## Asset allocation at 30 June 2012



# your investment options

## Option

### NSF SRI/Ethical

*\*Inception - 1 May 2005 (Super), 1 July 2011\*\* (Pension)*

Aims to produce an investment return of at least 3% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 7 year period (as at 30 June).

This option provides balanced investment diversification by investing across a wide range of growth and defensive asset types, namely Australian and global shares, property, fixed income, infrastructure, alternative investments and cash.

This option includes investments in share funds which are designated as Socially Responsible Investments (SRI). Labour standards, environmental, social and ethical issues are taken into account (in addition to the usual investment criteria).

On average, this option may produce a negative return in three years over a 20 year period, making it a medium to high risk investment option.

## Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2006	16.75	N/A	3.98
30 June 2007	20.43	N/A	2.07
30 June 2008	-14.66	N/A	4.51
30 June 2009	-14.88	N/A	1.46
30 June 2010	16.53	N/A	3.05
30 June 2011	9.40	N/A	3.60
30 June 2012	-0.47	-0.24	1.18
<b>Compound average</b>			
5 year	-1.62	N/A	2.75
7 year	3.77	N/A	2.83
Since inception*	3.83	-0.24	2.79

*Please remember that past performance is no indication of future performance.*

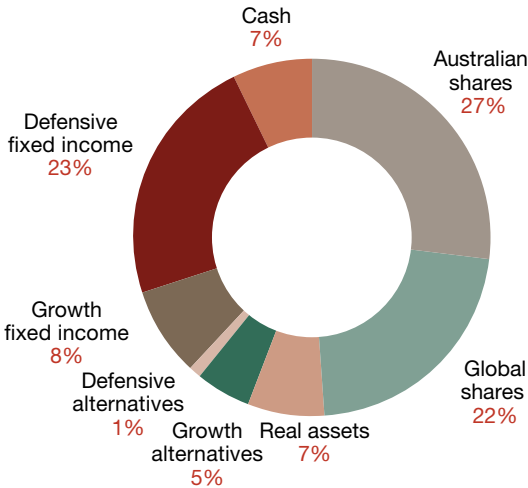
*\*\* Pension Product launched 1 September 2011. Earning rates for 2011/12 financial year have been annualised from 1 July 2011.*

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2011 <sup>^</sup>	At 30 June 2012
Australian shares	15-40	27	28	27
Global shares	10-35	22	26	22
Real assets	0-20	7	10	7
Growth alternatives	0-10	5	8	5
Defensive alternatives	0-10	1		1
Growth fixed income	0-20	8	21	8
Defensive fixed income	10-35	23		23
Cash	0-20	7	7	7

<sup>^</sup> The target asset allocation and asset class categories changed in 2011/12, following a review of NSF Super's investment options.

## Asset allocation at 30 June 2012



# your investment options

## Option

### NSF Prudent

*\*Inception – 1 July 2003, 1 July 2011\*\* (Pension)*

Aims to produce an investment return of at least 2% in excess of the average rate of inflation (measured by the Consumer Price Index for Australia) over a rolling 5 year period (as at 30 June).

This option provides less volatile investment diversification by investing across a wide range of defensive asset types, namely Australian and global shares, property, fixed income, infrastructure, alternatives and cash.

On average, this option may produce a negative return in two years over a 20 year period, making it a medium risk investment option.

## Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Inflation (%)
30 June 2006	10.19	N/A	3.98
30 June 2007	10.33	N/A	2.07
30 June 2008	-9.50	N/A	4.51
30 June 2009	-9.88	N/A	1.46
30 June 2010	10.77	N/A	3.05
30 June 2011	7.49	N/A	3.60
30 June 2012	0.64	1.32	1.18
<b>Compound average</b>			
5 year	-0.46	N/A	2.75
7 year	2.49	N/A	2.83
Since inception*	3.59	1.32	2.75

*Please remember that past performance is no indication of future performance.*

*\*\* Pension Product launched 1 September 2011. Earning rates for 2011/12 financial year have been annualised from 1 July 2011.*

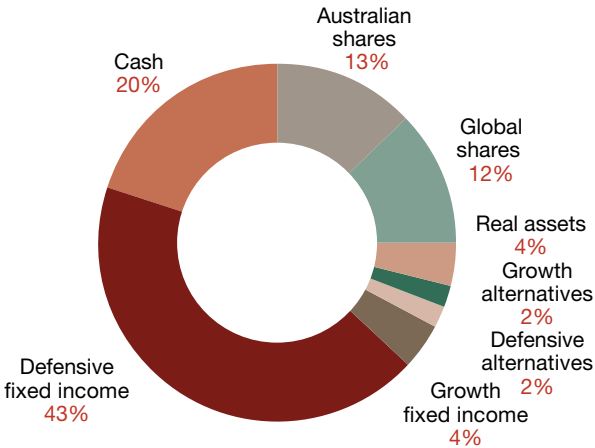


## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2011 <sup>^</sup>	At 30 June 2012
Australian shares	0-20	13	14	13
Global shares	0-20	12	12	12
Real assets	0-6	4	9	4
Growth alternatives	0-10	2	10	2
Defensive alternatives	0-10	2		2
Growth fixed income	0-6	4	35	4
Defensive fixed income	35-65	43		43
Cash	10-40	20	20	20

<sup>^</sup> The target asset allocation and asset class categories changed in 2011/12, following a review of NSF Super's investment options.

## Asset allocation at 30 June 2012



# your investment options

## Option

### NSF Cash

*\*Inception – 1 July 2003, 1 July 2011\*\* (Pension)*

Aims to produce an annual investment return of at least the annual cash rate (measured by the UBS Australian Bank Bill Index as at 30 June).

This option invests in term deposits and money market related interest bearing securities.

On average, this option is expected to not produce a negative return in a 20 year period, making it a very low risk investment option.

Year ended	Earning rates (%)		
	Super	Pension	Benchmark (%)†
30 June 2006	4.36	N/A	3.98
30 June 2007	5.04	N/A	2.07
30 June 2008	5.88	N/A	4.51
30 June 2009	4.23	N/A	1.46
30 June 2010	3.37	N/A	3.05
30 June 2011	3.84	N/A	5.00
30 June 2012	3.67	4.59	4.70
<b>Compound average</b>			
5 year	4.19	N/A	3.74
7 year	4.34	N/A	3.53
Since inception*	4.16	4.59	3.30

*Please remember that past performance is no indication of future performance.*

† Prior to 2010/11, benchmark was Consumer Price Index. From 2010/11, benchmark is UBS Australian Bank Bill Index.

\*\* Pension Product launched 1 September 2011. Earning rates for 2011/12 financial year have been annualised from 1 July 2011.

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2011	At 30 June 2012
Cash	N/A	100	100	100

## Asset allocation at 30 June 2012



# your investment managers

NSF Super has appointed Mercer Investments (Australia) Ltd as its asset consultant, advising on target asset allocation and fund manager selection.

To help invest your super, we use professional investment managers and regularly monitor their performance. The following is a list of the investment managers that looked after NSF Super assets as at 30 June 2012.

## Investment managers

### Australian shares

Alleron Investment Management  
 Ausbil Dexia  
 Bennelong Australian Equity Partners  
 BT Investment Management  
 Intrinsic Investment Management  
 Perennial Growth Management  
 Perennial Value Management  
 Perpetual Investment Management  
 Tyndall Investment Management

### Global shares

Acadian Asset Management  
 Arrowstreet Capital  
 Baillie Gifford & Co  
 Colonial First State Investments  
 Edinburgh Partners  
 Fidelity Worldwide Investment  
 First Eagle Investment Management  
 Global Thematic Partners  
 Hexavest  
 Investec  
 Lazard Asset Management  
 Linghor & Partner Asset Management  
 RCM

Veritas Asset Management  
 Wellington Management Company

### Real assets

AMP Capital Investors  
 CBRE Global Real Estate Securities  
 Colonial First State Asset Management  
 Domaine Property Funds  
 Magellan Financial Group  
 Macquarie Specialised Asset Management  
 Perennial Real Estate Investments  
 RARE Infrastructure  
 Westbourne Capital

### Alternatives

AQR Capital Management  
 Babson Capital  
 Blackrock Asset Management  
 Credit Suisse  
 GMO Australia  
 H3 Global Advisors  
 QIC  
 Standard Life Investments (Asia)  
 Winton Capital

### Australian fixed income

Blackrock Asset Management  
 Challenger  
 Macquarie Investment Management  
 ME Portfolio Management  
 Structured Credit Research & Advisory \*  
 Vianova Asset Management

### Global fixed income

AllianceBernstein  
 Challenger  
 Colonial First State Global Asset Management  
 Franklin Templeton Investments  
 H2O Asset Management  
 Kapstream Capital  
 Wellington Management

### Cash & term deposits

Challenger (managing term deposits held with major banks)  
 National Australia Bank (operating accounts)

\* Structured Credit Research & Advisory only provide monitoring and valuation advice.

## Significant investments

The following investments represent more than 5% of NSF Super's assets:

Investment	Percentage of assets
Alleron Investment Management (under Australian shares mandate from Mercer)	5.13%
Ausbil Dexia (under Australian shares mandate from Mercer)	5.74%
Perennial Value Management (under Australian shares mandate from Mercer)	5.64%
Tyndall Investment Management (under Australian shares mandate from Mercer)	5.13%

# top ten share holdings

## Australian shares

As at 30 June 2012, NSF Super's top ten Australian share holdings, by investment value, were:

<b>Company name</b>	<b>Industry</b>	<b>Percentage of Australian shares portfolio</b>
BHP Billiton	Metals & mining	8.82%
Australia and New Zealand Banking Group	Banking & financial services	6.72%
National Australia Bank	Banking & financial services	5.61%
Westpac Banking Corporation	Banking & financial services	5.34%
Commonwealth Bank of Australia	Banking & financial services	5.24%
Telstra Corporation	Telecommunications	4.44%
Rio Tinto	Metals & mining	3.87%
Wesfarmers	Retailing	2.72%
Woodside Petroleum	Oil & gas	2.63%
News Corporation	Media	1.76%

## Global shares

As at 30 June 2012, NSF Super's top ten global share holdings, by investment value, were:

<b>Name</b>	<b>Country</b>	<b>Industry</b>	<b>"Percentage of global shares portfolio"</b>
Samsung Electronics	South Korea	Consumer electronics	1.21%
Microsoft Corporation	USA	Computer software & online services	1.13%
Google	USA	Computer software & online services	0.85%
Vodafone Group	UK	Telecommunications	0.82%
China Mobile	Hong Kong	Telecommunications	0.79%
GlaxoSmithKline	UK	Health Care	0.73%
Apple	USA	Computer Electronics	0.70%
Roche	Switzerland	Health Care	0.62%
Hon Hai Precision Industry Company	Taiwan	Electronics	0.61%
Cisco Systems	USA	Networking & Communication Devices	0.61%

# your investment information

## Investment policy

The Trustee has developed the following overall investment objectives for NSF Super:

- a) To provide sufficient investment diversification by investing across a wide range of asset types;
- b) To at all times retain sufficient liquidity within NSF Super to meet immediate liabilities; and
- c) To invest 75% of NSF Super's assets in investments that are capable of being redeemed for cash within 30 days.

## Socially responsible investing

NSF Super's core investment policy does not specifically take into account labour standards or environmental, social and ethical considerations in the selection of investments. Some of our fund managers may take these matters into account when selecting, retaining or realising investments for NSF Super, but only to the extent that they may affect the profitability of those investments.

NSF Super has recognised the importance of offering socially responsible/ethical investment choice which gives members the option of choosing an investment that is considered socially responsible through the various investment selection processes applied by NSF Super's fund managers.

## Policy on derivatives

NSF Super allows some of its investment managers to use derivatives such as futures and options in order to manage risk and liquidity and enhance returns. At no time during 2011/12 did the derivative charge ratio exceed 5% of assets.

## Crediting rates

Investment earnings are calculated and allocated to members' accounts on a yearly basis, effective as at 30 June each year.

The actual amount that is allocated to members' accounts at the end of the financial year is determined by the Trustee, following the annual audit of NSF Super (which generally takes place in October of the following financial year), after taking into account the actual investment return of the Fund's assets after tax and expenses.

However, should you make a full switch or a full withdrawal; an interim rate of earnings will be applied to your account. The interim rate is determined by the Trustee on a regular basis and is calculated based on net returns to date after allowing for an estimate of tax and expenses. Please note that the interim rate of earnings is generally less than the final audited crediting rate.



# your Trustee Board

NSF Nominees Pty Limited is the Trustee of NSF Super. The Trustee is a company with a Board including a maximum of seven independent Directors responsible for the management of NSF Super.

## Directors

The Directors for the year as at 30 June 2012 were:



**Owen Kilpatrick (Chairman)**

Director since September 1994  
Chairman since July 2004

Owen has over 40 years experience in business involving accounting, auditing, taxation, superannuation, business consultancy, investments and the registered club industry.



**Kenneth Conway**

Director since November 1993

Ken holds a Bachelor of Law and Administration degree from Newcastle University, and is CEO of Hunter Wetlands. Ken has wide experience in senior management and CEO positions in the financial services, sporting and hospitality industries.



**Barry Cochran**

Director since November 1994

Barry has held the position of National Vice President of the Australian Workers Union and was previously the Chairman of a large industry super fund specialising in the needs of regional and rural Australians.





**Kelvin Clarke**

Director since February 1996

Kel is a Fellow of the Australian Institute of Company Directors, an Associate Fellow of the Australian Institute of Management and formerly the owner and Director of a consultancy firm. Kel is also a long-term director of an international engineering firm. Kel has a B.Sc degree from Newcastle University, and is a graduate of the Melbourne University Advanced Management Programme.



**Mark Sullivan**

Director since February 2007

Mark graduated from Macquarie University in 1980 with a BA/LLB and was admitted as a solicitor in 1981. He is a director of a leading law firm in the Hunter Region and specialises in family/relationship law and superannuation matters. Mark is a member of the Hunter Valley Family Law Practitioners Association and the Regional/Country Committee of the Family Law Section, Law Council of Australia.



**Kim McHugh**

Director since December 2007

Kim is an Honours Graduate of the University of Newcastle, an Associate of the Institute of Chartered Accountants and CPA Australia, a Certified Financial Planner™, a Registered Tax Agent and SMSF Specialist Advisor.

# your Trustee Board

## Board changes

David Churchley resigned as a Director during the year, effective 31 October 2011.

Matthew Burgess was appointed a Director on 11 July 2012. Matthew holds a combined Economics/Law Degree, a Graduate Diploma in Legal Practice and a Graduate Diploma in Applied Finance. He has held senior investment management positions in a number of financial services companies.

## Role and remuneration of the Board

The role of the Board is to ensure that NSF Super is operated and managed in the best interests of members and in accordance with its Governing Rules and super legislation. The Board meets every two months, with some committees meeting monthly. The Directors receive a fee in recognition of their time commitment and responsibility to NSF Super.

Director and Management staff remuneration for 2011/12	
Remuneration band ^	Directors
\$0 - \$20,000	1
\$20,001 - \$40,000	0
\$40,001 - \$60,000	5
\$60,001 - \$80,000	1
Remuneration band ^	Management staff
\$130,000 - \$150,000	1

*^ Including 9% Superannuation Guarantee.*

The Directors are remunerated on the following basis:

Role	Fees
Base fee (covers attendance at Board meetings and a minimum of 25 hours training)	\$28,800 per annum
<b>Additional fees</b>	
Investment committee membership	\$1,700 per annum
Claims committee membership	\$9,800 per annum
Chairman fee	\$13,800 per annum
Other approved activities	\$228 per hour

## Management staff

### **Fund Secretary - Ian Morante**

NSF Super Fund Secretary and Trustee Company Secretary since May 2005.

As Fund Secretary of NSF Super, Ian manages the day to day operations of NSF Super as well as the relationships with external service providers.

Ian has over 25 years experience in the superannuation industry and holds a Bachelor of Commerce from Newcastle University, a Diploma of Financial Planning, a Diploma of Financial Services (Super), an Advanced Diploma of Financial Services (Super) and is a Fellow of the Australian Institute of Superannuation Trustees.

## Trustee Indemnity insurance

NSF Nominees Pty Limited holds indemnity insurance cover, underwritten by Chubb Insurance Company of Australia Limited, to protect the Trustee from any loss incurred as a result of a claim made against the Trustee, subject to the terms and conditions of the policy. From 1 July 2012, this cover will be held through Chubb Insurance Company of Australia Limited and Liberty International Underwriters.

Liability insurance has been arranged to compensate for any losses that may occur as a result of a claim against the Trustee, the Fund, or the Directors personally.



# your Trustee Board

## Committees

The Board operates a number of committees, which are sub-groups of the Directors to focus on particular issues of importance to NSF Super.

Board committees 2011/12		Members
<b>Audit and Compliance Committee</b>	Considers matters relating to the financial and statutory compliance obligations of NSF Super, including external audit, risk and legal compliance.	Mark Sullivan (Chair) David Churchley* Barry Cochran Kim McHugh
<b>Investment Committee</b>	Oversees the investment arrangements of NSF Super. In particular, works closely with the asset consultant to undertake strategic investment monitoring and decision making.	Owen Kilpatrick (Chair) David Churchley* Kelvin Clarke Kenneth Conway Kim McHugh
<b>Administration and IT Committee</b>	Makes recommendations to the Board to improve efficiencies of fund administration and quality of service to members and employer sponsors.	Kelvin Clarke (Chair) David Churchley* Barry Cochran Kim McHugh
<b>Claims Committee</b>	Considers and determines claims lodged for Death, Disablement, Terminal Illness and Financial Hardship.	Owen Kilpatrick (Chair) Kelvin Clarke Mark Sullivan
<b>Business Development Committee</b>	Develops and recommends NSF Super's strategic direction to the Board.	Kenneth Conway (Chair) David Churchley* Barry Cochran Mark Sullivan
<b>Insurance Policy Committee</b>	Recommends to the Board any changes necessary to NSF Super's insurance policies for members and the Trustee company policies.	Owen Kilpatrick (Chair) Kelvin Clarke Mark Sullivan
<b>Remuneration and HR Committee</b>	Oversees the appointment, removal, evaluation and remuneration of Board members and Fund Secretariat.	Kim McHugh (Chair) Owen Kilpatrick Kenneth Conway David Churchley* Barry Cochran Kelvin Clarke Mark Sullivan

\* David Churchley resigned as a Director on 31 October 2011.

# your important information

## Complying Fund

For the period 1 July 2011 to 30 June 2012, and all previous reporting periods, the Trustee is of the opinion that NSF Super complied with all conditions for the operation of superannuation funds required by legislation and licensing requirements.

The Trustee held an Australian Financial Services Licence (AFSL No. 253129) and Registrable Superannuation Entity (RSE) Licence (No. L0001007) throughout 2011/12.

## Policy committees

Employer sponsors of NSF Super and their members have the opportunity to play an active role in the operation of NSF Super by forming a policy committee. A policy committee is a forum for an employer and its employees who are members of NSF Super to express their views and ask questions about the running of NSF Super.

Under law, NSF Super is required to take all reasonable steps to ensure that a policy committee is set up for each employer with at least 50 employees with NSF Super. For employers with between 5 and 49 employees in NSF Super, a policy committee can be established if at least 5 members request in writing that one be formed.

For further information on the important role that a policy committee plays, please contact NSF Super or download the Policy Committee Guide from [nfsuper.com.au/forms](http://nfsuper.com.au/forms)

## Superannuation surcharge tax

The superannuation surcharge was a surcharge tax on certain contributions paid for high income earners made after 20 August 1996 and before 1 July 2005. Assessments and adjustments to previous years may still be issued.

## Administration reserve

A small administration reserve account is maintained to ensure the solvency of the Trustee, as required by the Australian Prudential Regulation Authority (APRA).

This reserve account must have a minimum balance of \$250,000 and be invested in cash or cash equivalent assets. Interest on the reserve account forms part of the total net investment earnings of NSF Super, which is distributed to member accounts each year.

An additional \$1,000 was deposited into the administration reserve account during 2011/12:

Administration reserve account	For the year ended 30 June		
	2012	2011	2010
Opening balance	\$250,000	\$250,000	\$250,000
Movement	\$1,000	\$0	\$0
Closing balance	\$251,000	\$250,000	\$250,000

# your important information

## Service providers

NSF Super engages various professional advisers and service providers to assist in managing the Fund. The following entities provided expert advice and service to NSF Super as at 30 June 2012:

<b>Administrator and Consultant</b>	PSI Superannuation Management Pty Limited
<b>Asset Consultant</b>	Mercer Investments (Australia) Ltd
<b>General Advice Licensee</b>	PSI Superannuation Management Pty Limited A Corporate Authorised Representative of Matrix Planning Solutions
<b>Auditor</b>	PricewaterhouseCoopers (PwC)
<b>Custodian</b>	NAB Asset Servicing
<b>Group Insurer</b>	MetLife Insurance Limited
<b>Legal Advisers</b>	Cooper Grace Ward HWL Ebsworth Lawyers Moray and Agnew

The Trustee is not associated with any of these organisations.

## Eligible Rollover Fund

If your NSF Super account balance is less than \$200 (excluding investment earnings and any applicable fee and tax rebates) and you are classed as lost, we will transfer your account to the SuperTrace Eligible Rollover Fund (operated by Colonial Mutual Superannuation Pty Limited) to protect your account from being eroded by administration fees.

If your account is transferred to SuperTrace, you will no longer be a member of NSF Super and any insurance cover you had with NSF Super will cease.

You are taken to be a lost member if:

- You are inactive, having been a member for at least two years and NSF Super has not received a contribution or transfer for you in the last two years. Further, at the time of joining NSF Super you entered as an employer sponsored member;
- You are also inactive if you have joined NSF Super from another super fund as a lost member; or
- You become uncontactable, whereby NSF Super has never had an address for you or where we have attempted to contact you in writing at the last known address and the communication has been returned.

**To contact SuperTrace:**

Telephone: 1300 788 750

Write to: Locked Bag 5429, PARRAMATTA NSW 2124

Facsimile: 1300 700 353

Website: [www.supertrace.com.au](http://www.supertrace.com.au)

## Unclaimed monies

The government requires NSF Super to transfer lost accounts with balances under \$200 or those that have been inactive for more than five years to unclaimed monies (administered by the Australian Taxation Office). For more information, go to [www.ato.gov.au](http://www.ato.gov.au)

**Disclaimer**

*This document contains general information only and has been prepared without taking into account your financial objectives, situation or needs. It may, therefore, not be right for you. Before you make any investment decision, we suggest you consult NSF Super's Product Disclosure Statement and/or seek licensed financial advice.*

*As at the time of compilation, the information contained in this document is correct and any estimates, opinions, conclusions or recommendations are reasonably held or made. Subsequent events may mean that the information becomes out-of-date and so, to the maximum extent permitted by law, we disclaim all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from this document.*

*Any general advice that you subsequently request on a one-on-one basis will be provided to you by PSI Superannuation Management Pty Limited, a Corporate Authorised Representative of Matrix Planning Solutions Limited (ABN 45 087 470 200, AFSL 238256).*

# financial statements

## Statement of Financial Position

As at 30 June 2012

	2012	2011
<b>Assets</b>	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents</b>		
Cash at bank	6,549,813	12,397,243
Short-term deposits	318	-
<b>Other receivables</b>		
Income receivable	2,037	1,755
GST receivable	171,661	172,168
Sundry debtors	17,616	205,100
<b>Investments</b>		
Unit-linked securities	414,731,124	400,377,308
Interest bearing securities	4,353,697	8,847,140
<b>Tax assets</b>		
Deferred tax assets	10,354,915	8,309,183
<b>TOTAL ASSETS</b>	<b>436,181,181</b>	<b>430,309,897</b>
<b>Liabilities</b>	<b>\$</b>	<b>\$</b>
<b>Trade and other payables</b>		
Benefits payable	1,973,019	1,693,527
Other creditors	631,396	965,084
Provision for payout tax	38,846	47,413
<b>Tax liabilities</b>		
Current tax liabilities	3,868,980	2,475,643
<b>TOTAL LIABILITIES</b>	<b>6,512,241</b>	<b>5,181,667</b>
<b>Net assets available to pay benefits</b>	<b>429,668,940</b>	<b>425,128,230</b>
Represented By:		
<b>Liability for accrued benefits</b>		
Allocated to members' accounts	429,417,940	424,878,230
Administration reserve	251,000	250,000
	<b>429,668,940</b>	<b>425,128,230</b>



## Operating Statement

For Year Ended 30 June 2012

	2012	2011
	\$	\$
<b>Revenue from ordinary activities</b>		
<b>Investment revenue</b>		
Interest	730,512	4,027,016
Dividends	45,588	460,447
Distributions	19,374,925	11,492,673
Changes in net market value of investments	(25,822,534)	14,982,762
Other income	1,328,050	648,571
	<u>(4,343,459)</u>	<u>31,611,469</u>
<b>Contribution revenue</b>		
Employer contributions	53,360,189	47,789,990
Member contributions	1,684,915	1,695,965
Transfers from other funds	5,122,953	4,399,160
Proceeds from insurance	4,044,480	3,182,680
	<u>64,212,537</u>	<u>57,067,795</u>
<b>Total revenue from ordinary activities</b>	<u>59,869,078</u>	<u>88,679,264</u>
Less:		
<b>Expenses from ordinary activities</b>		
Premiums on term insurance policies	4,235,295	4,516,369
Superannuation contributions surcharge	402	226
Administration asset fees	2,139,784	2,123,404
Administration fees	2,000,018	1,976,737
Protected members' administration fees	1,615,643	1,772,226
Asset consultant fees	292,820	273,449
Trustee expenses	945,796	875,910
Other general administration expenses	602,828	728,719
<b>Total expenses from ordinary activities</b>	<u>11,832,586</u>	<u>12,267,040</u>
<b>Benefits accrued as a result of operations before income tax</b>	48,036,492	76,412,224
Less:		
Income tax expense	(5,257,875)	(5,602,604)
<b>Benefits accrued as a result of operations</b>	<u>42,778,617</u>	<u>70,809,620</u>

# financial statements

## Accounts for the Year Ended 30 June 2012

The Accounts for the year ended 30 June 2012 have been audited and an unqualified report has been provided by our auditor, Mr John Campion, a partner in the firm of PricewaterhouseCoopers, Chartered Accountants.

A full copy of the audited accounts and auditor's report will be available to members from 1 November 2012 by contacting NSF Super.





simple.

*Celebrating 25 years*

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This Annual Report is issued by NSF Nominees Pty Limited (the Trustee)

NSF Nominees Pty Limited  
ABN 29 053 228 667  
AFSL 253129

Trustee of Nationwide Superannuation Fund (NSF Super)  
ABN 15 201 768 813

Administered by PSI Superannuation Management Pty Limited  
ABN 93 003 422 320

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