

# ANNUAL REPORT 2013/14



nsf **super**  
simple.



# contents

<b>your Nationwide Superannuation Fund</b>	2
<b>your fund news</b>	4
<b>your investment performance</b>	6
<b>your investment options</b>	9
<b>your investment managers</b>	19
<b>your investment information</b>	21
<b>your trustee board</b>	22
<b>your important information</b>	27
<b>financial statements</b>	32

## Our push for paperless

Unless you tell us otherwise, your Annual Report will now be available to view or download from the NSF Super website at [nssf.com.au/annualreport](http://nssf.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 [enquiries@nssf.com.au](mailto:enquiries@nssf.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 2014.

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

# your Nationwide Superannuation Fund

The Nationwide Superannuation Fund (NSF Super) was established in 1987 and remains committed to its original objectives – to establish and grow a multi-industry superannuation fund that provides exceptional products and services to you, our members and supporting employers.

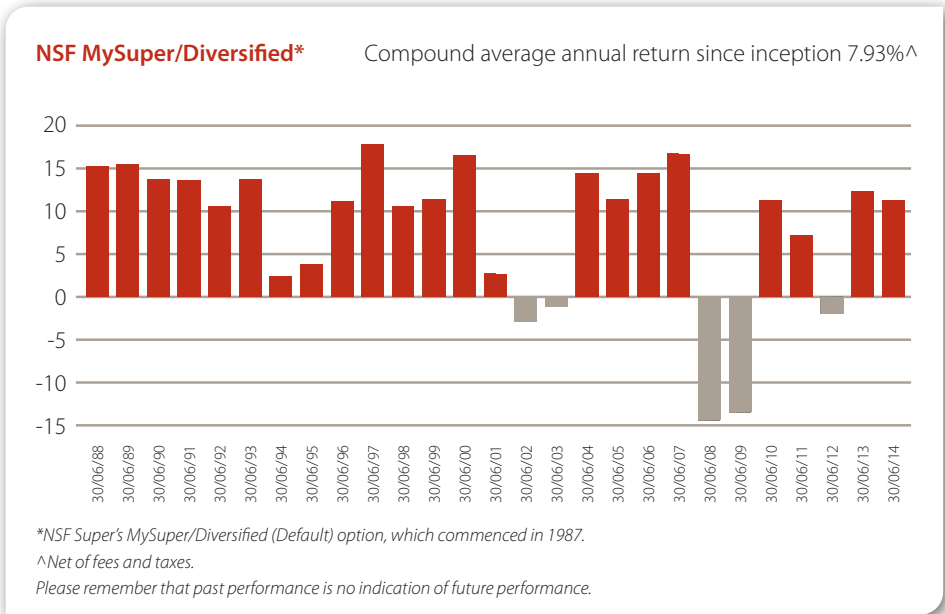
NSF Super is a member based organisation, meaning we are not driven to maximise profits for shareholders. Instead, the Fund returns benefits to you by keeping fees low, providing competitive and value-added product features, along with highly-regarded, personalised service.

In an industry that can be complex by nature, the NSF Super team continues to review and refine our product offerings and processes to make it simple for you to understand the details of your superannuation savings and help you to make informed financial decisions.

We remain proud of our reputation for exceptional service and helping you to maximise your superannuation entitlements, and continue to attract members from all over Australia in a diverse range of industrial, manufacturing, retail, service and professional industries.

## Ongoing Solid Performance for Members

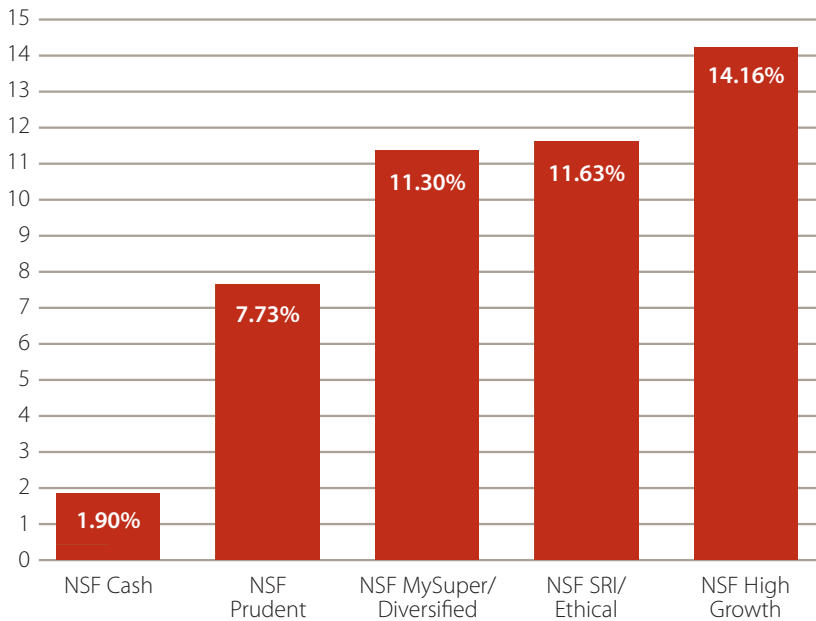
NSF Super has a history of competitive long-term returns for members.



# your NSF Super – key facts at a glance

- Over 63,000 members nationwide
- Over 6,000 contributing employers
- More than \$500 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 to 30 June 2014



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

# your fund news



**Kim McHugh**  
Chair

## Report from the NSF Super Chair

Welcome to the 2013/14 Annual Report for NSF Super, and to my first report to you as Chair of the NSF Super Trustee Board.

I would firstly like to acknowledge the exceptional contribution of both Owen Kilpatrick for over 19 years of service, who resigned as Chairman on 30 September 2013, and Barry Cochran who resigned on 30 April 2014, having served since 1994. Both have resigned in accordance with the Trustee Board's renewal policy and their contribution to NSF Super is greatly appreciated by all those who were fortunate to work with them.

As I step into the role of Chair, NSF Super is well placed to position itself competitively over the coming years, as we continue to provide high quality products and services to meet your needs - our valued members and supporting employers.

Looking back at the 2013/14 financial year, the NSF Super team were once again kept busy navigating a period of significant change across our industry, with this trend set to continue over the coming year as the government's ongoing SuperStream reforms are introduced.

The NSF Super Trustees were pleased to introduce the NSF MySuper investment option in September 2013, replacing the NSF Diversified option in the Employer Sponsored Division. MySuper products have a simple set of product features to help members, employers and market analysts to compare funds more easily based on a few key differences – cost, investment performance and the level of insurance cover.

We were also successful in introducing a number of initiatives that will continue to improve our ability to truly make super 'simple' for you. Following the launch of a new website and online service solutions in mid-2013, both members and employers are now able to join the Fund and manage most of their super details and obligations online - through MemberAccess and EmployerAccess.

For members, this includes managing contact details, investment options, insurance cover, beneficiary nominations, and more recently, the ability to consolidate any super savings you may have with other funds into your NSF Super account. For employers, there is also the option to utilise SCH Online - a 'clearing house' solution that enables you to make a single payment for all of your employees, regardless of which fund their super is with. As well as the time-saving benefits, this solution allows employers to make payments electronically and provide all of the details required to meet the new obligations under the SuperStream eContribution rules.

In February 2014, we partnered with Money Solutions to launch a new personal advice service for members, providing access to expert Money Coaches. As more members look to us to answer personal questions about their super savings and other finances, our solution is to initially provide over-the-phone assistance to help with a range of topics, including choosing the right investment option, discovering ways to save tax and boost super savings, selecting the right level of insurance cover and getting ready to retire. I encourage you to contact the NSF Super team to see how we can help you.

In 2015, NSF Super is planning to introduce additional investment flexibility and control for members through a Direct Investment Option (DIO). A DIO provides access to a range of term deposits and selected Australian shares and funds that you can manage online, similar to the investment selections available in a Self Managed Super Fund.

In the detail of the 'your investment performance' section of this Annual Report, you will see that NSF Super has achieved very solid investment returns for the 2013/14 financial year as a result of ongoing improvements to local and global investment markets. We continue to maintain a long-term focus with regards to investments for our members.

As independent confirmation of our competitive position, Heron's ratings agency has continued to award NSF Super with a '5 Star Quality Rated' product rating since 2012, and has also awarded us with a 'Top 10 Insurance Features' rating.

I would like to thank all those involved with NSF Super for their assistance and effort throughout the year, and to you, our members and employers for your ongoing loyalty and support. I look forward to another positive result for the coming financial year and again encourage you to contact us to see how we can help you.



# your investment performance – looking back at the year

*This investment commentary is issued by Mercer Investments (Australia) Limited ABN 66 008 612 397, Australian Financial Services Licence #244385. You should remember that past performance should not be relied upon as an indicator of future performance.*

The 2013/14 financial year to 30 June was another positive one for investment markets with equities and other growth assets driving returns – particularly in the first six months as the global recovery gathered further momentum. Investment market reaction to the eventual tapering of the US Quantitative Easing (QE) program was relatively optimistic as much of it was effectively anticipated. As the financial year unfolded, investor attention shifted to the possible timing and impact of interest rate increases around the globe. A key issue for local Australian investors was the resurgence in the Australian dollar in the latter half of the year. This acted as a brake on returns for investors who had exposure to foreign currency (i.e. international shares).

## Europe

Improving unemployment rates and a rise in manufacturing, particularly in the United Kingdom (UK) and Germany, were an indication of continuing recovery in Europe over the year. While the recovery in the UK continued its strong momentum throughout the year, the strength of the euro proved to be a considerable constraint on economic conditions in the Eurozone. Business surveys suggested Germany, which had been leading the recovery, was likely to face a slowdown in growth. Despite some parts of peripheral Europe continuing to pose concerns, the general trend was one of improvement over the year.

## Australia

Concerns about the impact of a slowdown in the resources sector were particularly front of mind at the start of the financial year. However, as the year progressed there was evidence of growth across the non-mining sectors and housing investment began to offset the slump in the resources sector. Gross Domestic Product (GDP) growth in Australia strengthened markedly over the past year, with output increasing by 3.5% over the year (to 31 March 2014) which was up from 2.1% a year earlier. Over the full financial year, the Australian share market lagged its overseas counterparts as persistent questions around corporate earnings and the outlook for China weighed on investor sentiment.

## United States (US)

Political and policy developments in the US attracted the attention of investors over the first part of the financial year as the debt ceiling and discussions surrounding the eventual withdrawal of QE in the US dominated headlines. Once QE tapering





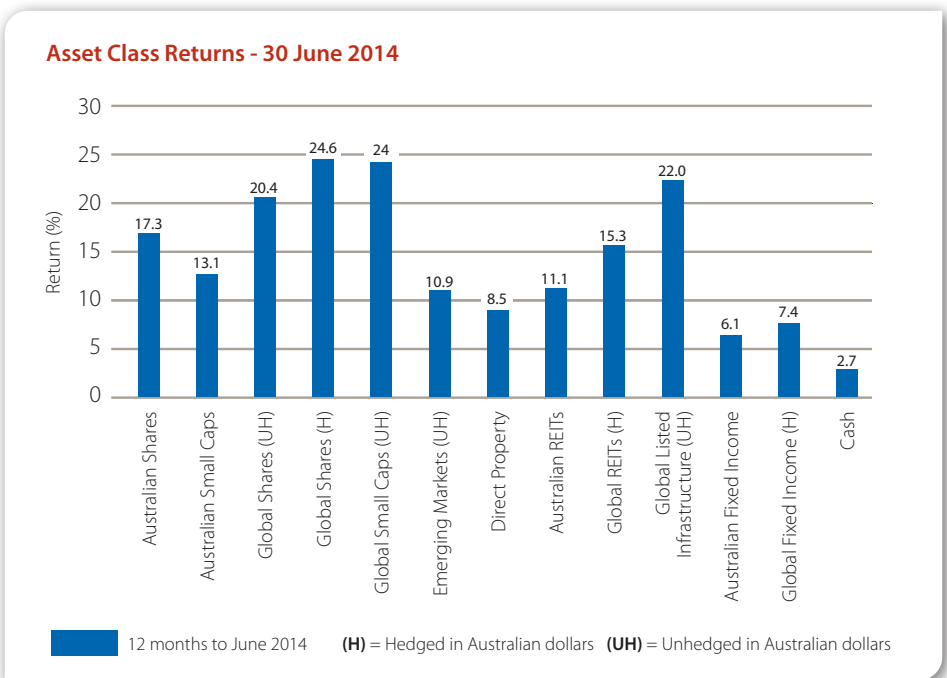
eventually began, it had a minor impact on equity markets as investors found comfort in the strong economic data and the Federal Reserve Bank's pledge to keep interest rates near zero "well past" the time unemployment drops below 6.5%. Strengthening GDP growth and decreasing unemployment rates helped the US share market reach all-time record highs over the period.

## Emerging Markets

Concerns about high current account deficits and lingering structural issues in emerging markets, particularly the so-called "fragile five" (Brazil, India, Indonesia, South Africa and Turkey), persisted throughout the early part of the financial year. However, swift monetary policy action in many of these countries, amid ongoing geopolitical issues, saw emerging markets bounce back and begin to recover some of the weaker performance relative to their developed counterparts.

## Asset Class Performance to 30 June 2014

Performance over the year was strong across all asset classes, particularly in overseas markets.

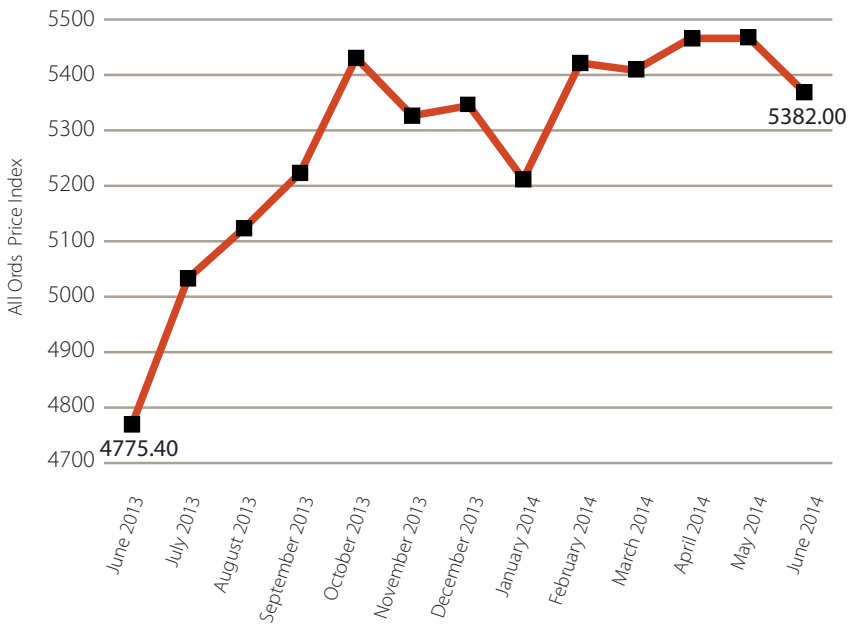


Data source: Thomson Financial Datastream, MSCI. Data provided 'as is'.

# your investment performance – looking back at the year

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 2013/14**



# your investments options

## Option

### NSF MySuper/Diversified<sup>^</sup>

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

The NSF MySuper/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 objective is also considered appropriate over rolling 10 and 20 year periods.

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.

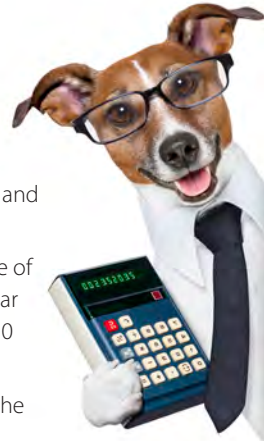
*<sup>^</sup>From 1 September 2013, this option became known as the NSF MySuper option for members in the Employer Sponsored Division only.*

## 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
30 June 2013	12.33	14.55	2.39
30 June 2014	11.30	12.54	3.02
Compound average			
5 year	7.86	N/A	2.64
7 year	1.14	N/A	2.74
10 year	4.89	N/A	2.77
Since inception*	7.93	8.41	3.14

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

*\*\*Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*



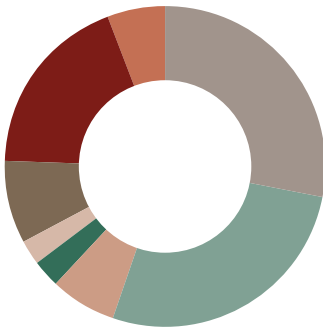
# your investments options

## NSF MySuper/Diversified

### Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2013	At 30 June 2014
Australian shares	15-40	27	26.6	28.1
Global shares	10-35	22	26.0	27.3
Real assets	0-20	7	6.9	6.8
Growth alternatives	0-10	5	2.7	2.6
Defensive alternatives	0-10	1	2.6	2.6
Growth fixed income	0-20	8	8.0	8.2
Defensive fixed income	10-35	23	17.5	18.7
Cash	0-20	7	9.7	5.7

### Asset allocation at 30 June 2014



- Australian shares 28.1
- Global shares 27.3
- Real assets 6.8
- Growth alternatives 2.6
- Defensive alternatives 2.6
- Growth fixed income 8.2
- Defensive fixed income 18.7
- Cash 5.7



## 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
30 June 2013	15.83	18.80	2.39
30 June 2014	14.16	15.60	3.02
<b>Compound average</b>			
5 year	8.62	N/A	2.64
7 year	1.10	N/A	2.74
10 year	5.57	N/A	2.77
Since inception*	6.67	9.54	2.74

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

*\*\*Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

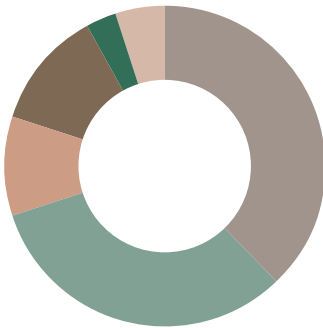
# your investments options

## NSF High Growth

### Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2013	At 30 June 2014
Australian shares	15-55	38	38	38
Global shares	15-55	32	32	32
Real assets	0-20	10	10	10
Growth fixed income	0-25	12	12	12
Growth alternatives	0-10	3	3	3
Defensive alternatives	0-10	5	5	5

### Asset allocation at 30 June 2014



- Australian shares 38
- Global shares 32
- Real assets 10
- Growth fixed income 12
- Growth alternatives 3
- Defensive alternatives 5



## 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 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
30 June 2013	13.63	16.13	2.39
30 June 2014	11.63	13.58	3.02
<b>Compound average</b>			
5 year	9.99	N/A	2.64
7 year	2.26	N/A	2.74
Since inception*	6.05	9.58	3.02

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

*\*\*Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

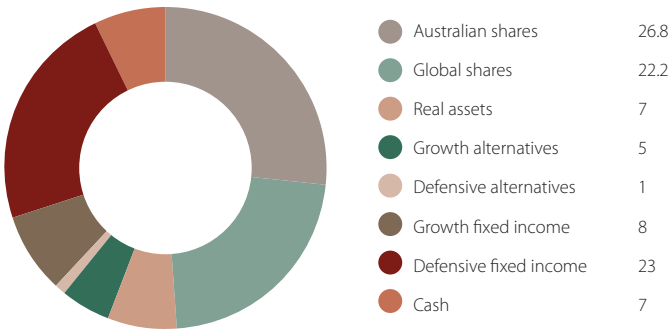
# your investments options

## NSF SRI/Ethical

### Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2013	At 30 June 2014
Australian shares	15-40	27	27	26.8
Global shares	10-35	22	22	22.2
Real assets	0-20	7	7	7
Growth alternatives	0-10	5	5	5
Defensive alternatives	0-10	1	1	1
Growth fixed income	0-20	8	8	8
Defensive fixed income	10-35	23	23	23
Cash	0-20	7	7	7

### Asset allocation at 30 June 2014





## Option

### NSF Prudent

*\*Inception – 1 July 2003 (Super), 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
30 June 2013	7.42	8.76	2.39
30 June 2014	7.73	8.29	3.02
Compound average			
5 year	6.76	N/A	2.64
7 year	1.77	N/A	2.74
10 year	3.96	N/A	2.77
Since inception*	4.31	6.07	2.74

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

*\*\*Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

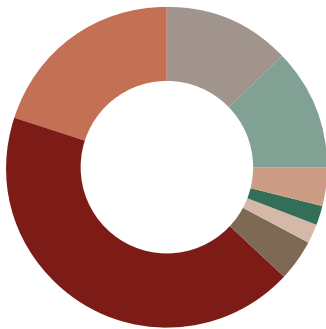
# your investments options

## NSF Prudent

### Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2013	At 30 June 2014
Australian shares	0-20	13	13	13
Global shares	0-20	12	12	12
Real assets	0-6	4	4	4
Growth alternatives	0-10	2	2	2
Defensive alternatives	0-10	2	2	2
Growth fixed income	0-6	4	4	4
Defensive fixed income	35-65	43	43	43
Cash	10-40	20	20	20

### Asset allocation at 30 June 2014



- Australian shares 13
- Global shares 12
- Real assets 4
- Growth alternatives 2
- Defensive alternatives 2
- Growth fixed income 4
- Defensive fixed income 43
- Cash 20



## Option

### NSF Cash

*\*Inception – 1 July 2003 (Super), 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.

### Historic crediting rate of earnings

Year ended	Earning rates (%)		
	Super	Pension	Benchmark (%) <sup>†</sup>
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
30 June 2013	2.57	3.03	3.28
30 June 2014	1.90	2.21	2.68
<b>Compound average</b>			
5 year	3.07	N/A	3.74
7 year	3.63	N/A	3.52
10 year	3.83	N/A	3.01
Since inception*	3.81	3.27	3.24

*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 Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

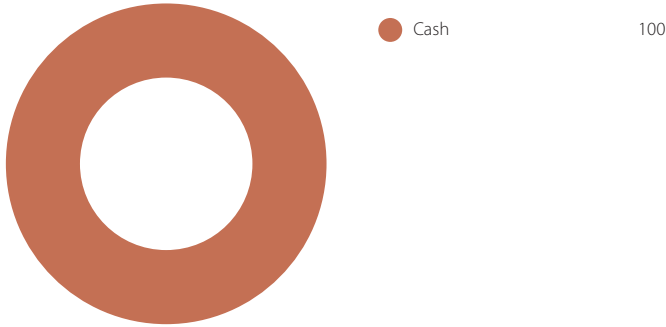
# your investments options

## NSF Cash

### Asset allocation

Asset Class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2013	At 30 June 2014
Cash	N/A	100	100	100

### Asset allocation at 30 June 2014



# your investment managers

NSF Super has appointed Mercer Investments (Australia) Ltd as its investment 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 2014.

## Investment managers

### Australian shares

Alleron Investment Management  
Ausbil Dexia  
Bennelong Funds Management  
BT Investment Management  
Goldman Sachs Asset Management  
IFM Investors  
Perennial Growth Management  
Perpetual Investment Management  
Tyndall Investment Management  
Vinva Investment Management

### Global shares

Acadian Asset Management  
Arrowstreet Capital  
Baillie Gifford  
BlackRock Investment Management  
Colonial First State Investments  
Fidelity Worldwide Investment  
First Eagle Investment Management  
Franklin Equity Group  
Global Thematic Partners  
Hexavest  
Investec Asset Management  
Lazard Asset Management  
Linghor & Partner Asset Management  
Magellan Financial Group  
Realindex Investments  
Veritas Asset Management

### Alternatives

Acadian Asset Management  
Alder Capital  
Anchorage Capital  
Armajaro Asset Management  
Arrowgrass Capital Partners  
AQR Capital Management  
Babson Capital  
BlueCrest Capital Management  
Brevan Howard  
Cantab Capital Partners  
CQS Capital  
Elementum Advisors  
Fore Research & Management  
GAM  
GMO  
Hoplite Capital Management  
JAT Investment Advisors  
Luxor Capital Group  
Man Investments  
Marshall Wace Asset Management  
MKP Capital Management  
Nephilia Capital  
Nordea Investment Management  
Quaesta Capital  
Taconic Investment Partners  
Winton Capital

### Real assets

Brookfield Investment Management  
CentreSquare Investment Management  
Colonial First State Global Asset Management  
IFM Investors  
Macquarie Specialised Asset Management  
Magellan Financial Group  
Principal Global Investors  
RARE Infrastructure  
Westbourne Capital

### Australian fixed income

Amicus Advisory \*  
BT Investment Management  
Challenger Financial Services  
Macquarie Investment Management  
ME Portfolio Management

### Global fixed income

AllianceBernstein  
AXA Investment Managers  
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 banks and financial institutions)  
National Australia Bank (operating accounts)

\* Amicus Advisory only provide monitoring and valuation advice.

# your investment managers

## Significant investments

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

Investment	Percentage of assets
Ausbil Dexia (under Australian shares mandate from Mercer)	5.17%
Vinva Investment Management (under Australian shares mandate from Mercer)	6.59%

## top ten share holdings

### Australian shares

As at 30 June 2014, NSF Super's top ten Australian share holdings, by investment value, were:

Company name	Industry	Percentage of Australian shares portfolio
BHP Billiton	Metals & mining	7.18%
ANZ Banking Group	Banking & financial services	7.09%
Commonwealth Bank of Australia	Banking & financial services	6.66%
Westpac Banking Corporation	Banking & financial services	6.57%
National Australia Bank	Banking & financial services	5.22%
Telstra Corporation	Telecommunications	2.79%
Woodside Petroleum	Oil & gas	2.05%
Oil Search	Oil & gas	1.98%
Rio Tinto	Metals & mining	1.96%
Woolworths	Retailing	1.61%

### Global shares

As at 30 June 2014, NSF Super's top ten global share holdings, by investment value, were:

Company name	Country	Industry	Percentage of global shares portfolio
Samsung Electronics	South Korea	Consumer electronics	1.18%
Apple	USA	Computers & consumer electronics	0.95%
Microsoft Corporation	USA	Computer software & online services	0.89%
Roche Holding AG	Switzerland	Pharmaceutical	0.52%
Amazon	USA	Online retailing	0.47%
Johnson & Johnson	USA	Medical equipment & pharmaceutical	0.43%
Industrial and Commercial Bank of China	China	Banking & financial services	0.43%
China Construction Bank	China	Banking & financial services	0.42%
Oracle Corporation	USA	Computer hardware & software	0.38%
Vodafone Group	United Kingdom	Telecommunications	0.37%

# 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 (SRI)

Socially responsible investment takes environmental, social, governance (ESG) or ethical considerations into account for the investment selection and management process.

While NSF Super considers ESG investment considerations to be important across all investment options, the NSF SRI/Ethical investment option has been developed to provide members access to an investment option with a specific focus on ESG criteria.

Where possible and cost effective, the NSF SRI/Ethical option will invest in strategies with ESG considerations imbedded in the investment process.

## 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 2013/14 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 amount that is allocated to members' accounts at the end of the financial year is determined by the Trustee, after taking into account the investment return of the Fund's assets after tax and expenses.

However, should you make a switch or withdrawal; an interim rate of earnings will be applied to your account. The interim rate is determined by the Trustee on a weekly basis and is calculated based on net returns for the period 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 consisting of independent Directors responsible for the management of NSF Super.

## Directors

The Directors at 30 June 2014 were:



### **Kim McHugh (Chair)**

Director since December 2007 Chair since October 2013

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.



### **Kenneth Conway**

Director since November 1993

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



### **Matthew Burgess**

Director since 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 international financial services companies.



### **Professor Maree Gleeson, OAM**

Director since April 2013

Maree is an experienced company director of a number of not-for-profit organisations. Maree is a Fellow of the Australian Institute of Company Directors and holds qualifications in corporate governance and the field of medical research.





**Helen Imienionek**

Director since April 2013

Helen holds Masters Degrees in Business Administration and Commercial Law, and has previously held senior management positions at a number of large Australian and international financial institutions. Helen is also currently a Risk and Compliance Analyst with a large electricity generation company.



**Matthew Kerr**

Director since July 2013

Matthew holds a Bachelor of Commerce Degree from the University of Newcastle and is an Associate of the Institute of Chartered Accountants, a Certified Financial Planner™ and a SMSF Specialist Advisor. He has held senior management positions in a number of financial services and superannuation companies and has been providing financial and superannuation advice to clients for over 15 years.



**Timothy Edmonstone**

Director since October 2013

Timothy is an Associate of the Institute of Chartered Accountants and holds a Bachelor of Economics Degree from the University of Sydney and a Graduate Diploma of Applied Finance. Timothy has extensive management and investment analyst experience, having worked for leading international financial and investment firms.



**John Lynch**

Director since June 2014

John is a fellow of the Australian Institute of Superannuation Trustees and has previously held the role of trustee director and Chair of a corporate superannuation fund. As a qualified workplace trainer and assessor, John has provided advice and support to numerous superannuation boards.

# your trustee board

## Board changes

Owen Kilpatrick resigned as Chairman and Director during the year, effective 30 September 2013. Barry Cochran resigned as a Director during the year, effective 30 April 2014.

## 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 and responsibility commitment to NSF Super.

Director and Management remuneration for 2013/14	
Remuneration band ^	Directors & Key Management personnel
\$0 - \$20,000	2
\$20,001 - \$40,000	2
\$40,001 - \$60,000	5
\$60,001 - \$80,000	1
\$160,001 - \$180,000	1

^ Including 9.25% 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)	\$35,900 per annum
<b>Additional fees</b>	
Investment committee membership	\$2,120 per annum
Claims committee membership	\$12,217 per annum
Chair fee	\$17,265 per annum
Other approved activities	\$285 per hour

## Management staff

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

#### **NSF 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 Degree from the University of Newcastle, 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 Axis Speciality Australia and Liberty International Underwriters, 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.

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. The following Directors were members of these committees at 30 June 2014:

Board committees		Members
<b>Audit, Risk and Compliance Committee</b>	Considers matters relating to the financial and statutory compliance obligations of NSF Super, including external audit, risk and internal audit.	Helen Imienionek (Chair) John Lynch Kim McHugh Matthew Kerr
<b>Investment Committee</b>	Oversees the investment arrangements of NSF Super. In particular, works closely with the investment consultant to undertake strategic investment monitoring and decision making.	Timothy Edmonstone (Chair) Helen Imienionek Kenneth Conway Kim McHugh Matthew Burgess
<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.	Matthew Kerr (Chair) John Lynch Kenneth Conway Kim McHugh
<b>Claims and Insurance Policy Committee</b>	Considers and determines claims lodged for Death, Disablement, Terminal Illness and financial hardship.  Recommends to the Board any changes necessary to NSF Super's insurance policies.	Matthew Burgess (Chair) Kim McHugh Maree Gleeson
<b>Business Development Committee</b>	Develops and recommends NSF Super's strategic direction to the Board.	Maree Gleeson (Chair) John Lynch Kenneth Conway Matthew Burgess Matthew Kerr
<b>Remuneration and HR Committee</b>	Oversees the appointment, removal, evaluation and remuneration of Board members and Fund Secretariat.	Helen Imienionek (Chair) John Lynch Kenneth Conway Kim McHugh Maree Gleeson Matthew Burgess Matthew Kerr Timothy Edmonstone

# your important information

## Complying Fund

For the period 1 July 2013 to 30 June 2014, and all previous reporting periods, the Trustee is of the opinion that NSF Super complied with all conditions for the operation of APRA Regulated 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 2013/14.

## 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 [nsfsuper.com.au/forms](http://nsfsuper.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

An 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.

There was no movement in the value of the Administration Reserve account in 2013/14:

	For the year ended 30 June		
Administration reserve account	2014	2013	2012
Opening balance	\$251,000	\$251,000	\$250,000
Movement	\$0	\$0	\$1,000
Closing balance	\$251,000	\$251,000	\$251,000

# your important information

## Operational Risk Financial Reserve

APRA requires Trustees to hold adequate financial resources to respond to an operational risk event. To meet these requirements, the Trustee established an Operational Risk Financial Reserve on 1 July 2012 to have access to financial resources to address any losses arising from operational risks.

The Trustee will build the Operational Risk Financial Reserve account from membership fees and transfers from reserves over a three year period (from July 2012) in order to act fairly to members and ensure compliance with APRA's standards.

This reserve account is currently invested in cash or cash equivalent assets and interest is re-invested back into the reserve account.

The following net amounts were deposited into the Operational Risk Financial Reserve account during 2013/14:

	For the year ended 30 June	
<b>Operational risk financial reserve account</b>	<b>2014</b>	<b>2013</b>
Opening balance	\$390,362	\$0
Movement	\$334,134	\$390,362
Closing balance	\$724,496	\$390,362

## Capital Expenditure Reserve

There are significant system enhancements and developments which must be undertaken over the coming years to ensure a smooth transition to the Stronger Super regime, so that NSF Super can comply with new legislative requirements.

To fund the expenses anticipated in upgrading and developing the systems, the Trustee created a Capital Expenditure Reserve account on 1 July 2012, funded from membership fees.

This reserve account is invested in cash or cash equivalent assets and interest is re-invested back into the reserve account.

The following net amounts were deposited into / paid from the Capital Expenditure Reserve account during 2013/14:

	For the year ended 30 June	
<b>Capital expenditure reserve account</b>	<b>2014</b>	<b>2013</b>
Opening balance	\$57,681	\$0
Movement	-\$42,240	\$57,681
Closing balance	\$15,441	\$57,681

## General Reserve

The Trustee established a General Reserve on 18 June 2013 for end-of-year crediting rate adjustments and any other large and unanticipated expenses that may arise in the future.

This reserve account is invested in cash or cash equivalent assets and interest is re-invested back into the reserve account.

The following net amounts were deposited into the General Reserve account during 2013/14:

	For the year ended 30 June	
General reserve account	2014	2013
Opening balance	\$2,276,408	\$0
Movement	\$607,763	\$2,276,408
Closing balance	\$2,884,171	\$2,276,408

## Service providers

The Trustee engages various professional advisers and service providers to assist it in managing the Fund. The following entities provided expert advice and service to NSF Super as at 30 June 2014:

<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 As a Corporate Authorised Representative of Pacific Custodians Pty Limited
<b>Personal Advice Provider</b>	Money Solutions Pty Ltd
<b>Auditor</b>	PricewaterhouseCoopers (PwC)
<b>Internal Auditor</b>	Ernst & Young
<b>Custodian</b>	NAB Asset Servicing
<b>Group Insurer</b>	MetLife Insurance Limited
<b>Legal Advisers</b>	Mullane & Lindsay Solicitors HWL Ebsworth Lawyers Moray and Agnew
<b>Actuarial Services</b>	Mercer Consulting (Australia) Pty Ltd



The Trustee is not associated with any of these organisations.

# your important information

## Eligible Rollover Fund

If your NSF Super account balance is less than \$2,000 (excluding investment earnings and any applicable fee and tax rebates) and you are classed as lost, we may rollover 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.

The Trustee will determine whether to implement a rollover to the eligible rollover fund on a regular basis, and will consider if the rollover is in the best interest of the affected members.

If your account is rolled over to SuperTrace, you will no longer be a member of NSF Super and any insurance cover you had with NSF Super will cease. Please also note that the investment earnings of SuperTrace may be lower than those of NSF Super.

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 rollover 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
- NSF Super has not received a contribution or rollover for you in the last 12 months and 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 \$2,000 or those that have been inactive for more than 12 months to unclaimed monies, administered by the Australian Taxation Office (ATO). You are able to claim back any unclaimed monies in your name from the ATO at anytime. For more information, go to [www.ato.gov.au](http://www.ato.gov.au).



## Temporary residents

All super funds are generally required to transfer to the government (at their request) the account balances of members who were temporary residents no longer holding a current temporary visa, where the member left Australia at least six months ago.

An individual who has, at any stage, been a temporary resident and who is not a citizen or permanent resident of Australia or New Zealand, is able to withdraw their super benefits in cash (net of tax) by applying to NSF Super (or to the ATO when, after six months, the benefits have been transferred to the ATO).

Generally tax of 38% will be deducted from departing Australia super payments.

For more information, see Information Sheet: Super for Temporary Residents, available by contacting the NSF Super team.

### 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.*



# financial statements

## Statement of Financial Position

As at 30 June 2014

	2014	2013
<b>ASSETS</b>	\$	\$
<b>Cash and cash equivalents</b>		
Cash at bank	7,837,656	3,409,500
Short-term deposits	3,838,367	1,165,143
<b>Other receivables</b>		
GST receivable	189,910	199,894
Sundry debtors	17,616	17,616
<b>Investments</b>		
Unit-linked securities	497,676,690	461,941,139
Interest bearing securities	1,006,140	1,380,360
<b>Tax assets</b>		
Current tax assets	6,113	(736,905)
Deferred tax assets	608,923	5,988,244
<b>TOTAL ASSETS</b>	<b>511,181,415</b>	<b>473,364,991</b>
<b>LIABILITIES</b>		
<b>Trade and other payables</b>		
Benefits payable	234,372	1,394,812
Other creditors	1,292,117	1,573,688
Payable to trustee entity	45,825	-
Provision for payout tax	80,458	40,977
<b>TOTAL LIABILITIES</b>	<b>1,652,772</b>	<b>3,009,477</b>
<b>Net assets available to pay benefits</b>	<b>509,528,643</b>	<b>470,355,514</b>
Represented by:		
<b>Liability for accrued benefits</b>		
Allocated to members' accounts	505,839,587	468,132,668
Not yet allocated to members' accounts	(186,053)	(752,605)
	505,653,535	467,380,063
<b>Reserves</b>		
Operational risk financial reserve	724,496	390,362
Capital expenditure reserve	15,441	57,681
General reserve	2,884,171	2,276,408
Administration reserve	251,000	251,000
	3,875,108	2,975,451
	509,528,643	470,355,514

## Operating Statement

For the year ended 30 June 2014

	2014	2013
	\$	\$
<b>Revenue from ordinary activities</b>		
<b>Investment revenue</b>		
Interest	295,963	356,201
Distributions	14,845,666	19,576,580
Changes in net market value of investments	42,068,971	40,396,760
Other income	1,370,307	1,136,640
	<u>58,580,907</u>	<u>61,466,181</u>
<b>Contribution revenue</b>		
Employer contributions	40,588,742	50,045,197
Members' contributions	4,086,123	1,480,516
Transfers from other funds	6,194,086	5,641,820
Proceeds from insurance	6,040,969	4,733,115
	<u>59,909,920</u>	<u>61,900,648</u>
<b>Total revenue from ordinary activities</b>	<u>115,490,827</u>	<u>123,366,829</u>
Less:		
<b>Expenses from ordinary activities</b>		
Premiums on term insurance policies	7,470,888	10,373,114
Superannuation contributions surcharge	(394)	-
Administration asset fees	6,241,891	6,810,654
Asset consultant fees	190,580	246,054
Trustee expenses	1,594,213	1,476,932
Other general administration expenses	772,283	901,064
<b>Total expenses from ordinary activities</b>	<u>16,269,461</u>	<u>19,807,818</u>
<b>Benefits accrued as a result of operations before income tax</b>	99,221,366	103,559,011
Less:		
Income tax expense	(9,481,710)	(9,295,741)
<b>Benefits accrued as a result of operations</b>	<u>89,739,656</u>	<u>94,263,270</u>

## Accounts for the Year Ended 30 June 2014

The Accounts for the year ended 30 June 2014 have been audited and an unqualified report has been provided by our auditor, Mr David Coogan, 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 October 2014 by contacting NSF Super.



242 Pacific Highway (PO Box 42)  
Charlestown NSW 2290

Phone: 1800 025 241

Fax: 1800 839 774

Email: [enquiries@nfsuper.com.au](mailto:enquiries@nfsuper.com.au)

Website: [nfsuper.com.au](http://nfsuper.com.au)

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