

# ANNUAL REPORT 2012/13



nsf **super**  
simple.

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## **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 [nfsuper.com.au/annual-report](http://nfsuper.com.au/annual-report).

You can also ask to receive a free electronic copy by email or printed copy by post simply contact the NSF Super team – [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 2013.

A summary of the benefits and features of NSF Super can be found in our 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) 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 our members and supporting employers.

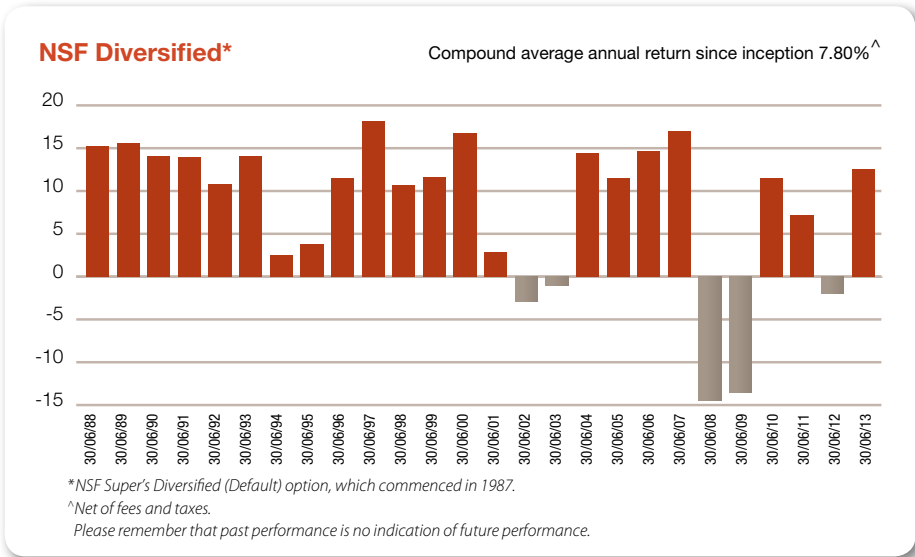
NSF Super is a member based organisation, meaning we are not driven to maximise profits for shareholders. Instead, the Fund returns benefits to members by **keeping fees low**, providing competitive and **value-added product features**, along with highly-regarded, **personalised service**.

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

We remain proud of our reputation for exceptional service and helping members to maximise their 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 fund news



**Owen Kilpatrick**  
Chairman

## Chairman's report

### **Welcome to the 2012/13 Annual Report for NSF Super.**

As we indicated in our last Annual Report, the 2012/13 financial year was strongly focused on navigating a period of significant legislative reform across our industry. One of the main reform components is known as MySuper, which is being introduced to help people save adequately for their retirement. 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.

The NSF Super Trustees were pleased to announce in July 2013, that authorisation had been received from the government department responsible for super (APRA), to provide a MySuper product offering to members. Given that our existing default option (NSF Diversified) already met the majority of the requirements for MySuper product features, there were only minimal changes required and minimal impacts to be experienced by members – and the NSF MySuper investment option was introduced from 1 September 2013.

Ongoing work is being undertaken with regards to additional legislative reforms, known as SuperStream, which is focused primarily on enhancing the 'behind the scenes' processes and data quality of the superannuation industry.

As you will notice in the detail of the 'your investment performance' section of this Annual Report, NSF Super has achieved very solid investment returns for the 2012/13 financial year as a result of significant improvements to global investment markets. NSF Super continues to maintain a long-term focus with regards to investment decisions for our members.

As independent confirmation of our competitive position, Heron's ratings agency has continued to award the Employer Sponsored and Personal Divisions a '5 Star Quality Rated' product since 2012, and has also awarded us with a 'Top 10 Insurance Features' for 2013.

The NSF Super team was also successful in introducing a number of initiatives that will continue to improve our ability to truly make super 'simple' for our members. A new public website was introduced in June 2013, as well as a new online service capability for members known as MemberAccess.

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

The new website includes a more modern look, with features and content that are compatible with a broad range of mobile devices. MemberAccess allows members to manage more of their super details online including contact details, beneficiary nominations, investment options and insurance cover.

Looking forward into 2014, NSF Super will be introducing a new personal advice service for members. As more of our members are looking to us for information and options that relate to their personal circumstances, we will be in a position to offer tailored advice around selecting investment options, the amount of insurance cover that is suitable, retirement adequacy, making contributions and transition to retirement options.

During the year, two Trustees resigned. Mark Sullivan resigned on 30 November 2012 owing to increased work commitments in his legal practise. Kel Clarke resigned on 30 April 2013, after 17 years of service, in accordance with the Trustee Board's renewal policy. I would like to acknowledge the exceptional contribution made by Mark and Kel to the Trustee Board.

On 1 April 2013, Helen Imienionek and Maree Gleeson were appointed to the Trustee Board. Helen and Maree will complement the Trustee Board with their knowledge and experience. I would like to thank all members of the Trustee Board for their assistance and effort throughout the year.

Finally, I would also like to thank all members for their continued membership and wish you all the best for the future, as in accordance with the Trustee Board's renewal policy, I will also be resigning as a Trustee from 30 September 2013, after 19 years of service. I am proud of NSF Super's achievements in my time with the Fund and believe we are in a position to continue to help our members to maximise their super entitlements up until retirement, and beyond.

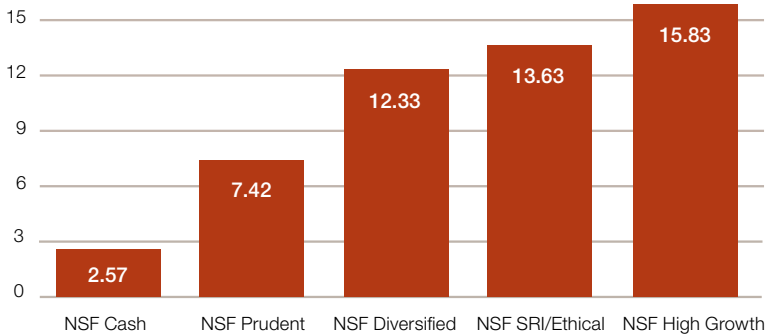


# your NSF Super – key facts at a glance

- Over 65,000 members nationwide
- Over 5,000 contributing employers
- More than \$470 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 2012/13



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



# 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 2012-13 financial year got off to a positive start with share markets bouncing back from the lows of prior periods as a set of fresh economic stimulus measures bolstered investor sentiment. Shares and other growth asset markets continued to rally strongly through the final months of 2012, and by the end of March 2013 it was clear the prolonged downturn in global growth had bottomed in the second half of 2012. But the upturn remained a bumpy ride as the cycle struggled to gain strong momentum. Markets faltered in late May and June amid concerns over the withdrawal of stimulus by the US and a slow down in China, which coincided with a substantial fall in the Australian dollar. Nonetheless the financial year ended on a positive note overall.

## Europe

Europe kicked off the financial year in a shallow recession overall, with some countries such as Spain plunging into a double-dip recession. Despite widespread improvements in share markets and financial conditions, the recession extended into early 2013, with GDP falling 0.2% over the first quarter of the new calendar year. By financial year end, Europe continued to be impacted by ailing economic conditions such as high unemployment and renewed debt crisis fears.

## United States

US markets were buoyed over the first three months of the 2012-13 financial year by accommodating central bank action. A last minute agreement between the re-elected President and Congress allowed the US to avoid the fiscal cliff at the end of 2012 and US economy remained resilient into 2013, with strengthening employment and a continued recovery in the housing market. However, US GDP was also revised down over Q1 2013 and inflation remained subdued.

## China

The Chinese economy was weakening as the financial year commenced, with slowing GDP and exports. Sentiment was more positive towards the end of 2012 on the back of growing confidence that the cyclical downturn bottomed in Q3 2012. This confidence was short-lived as growth over the year to Q1 2013 slowed unexpectedly. China's GDP growth slowed to 7.5% over Q2 2013, a result aligned with market expectations that quelled some of the fears surrounding a Chinese hard landing.

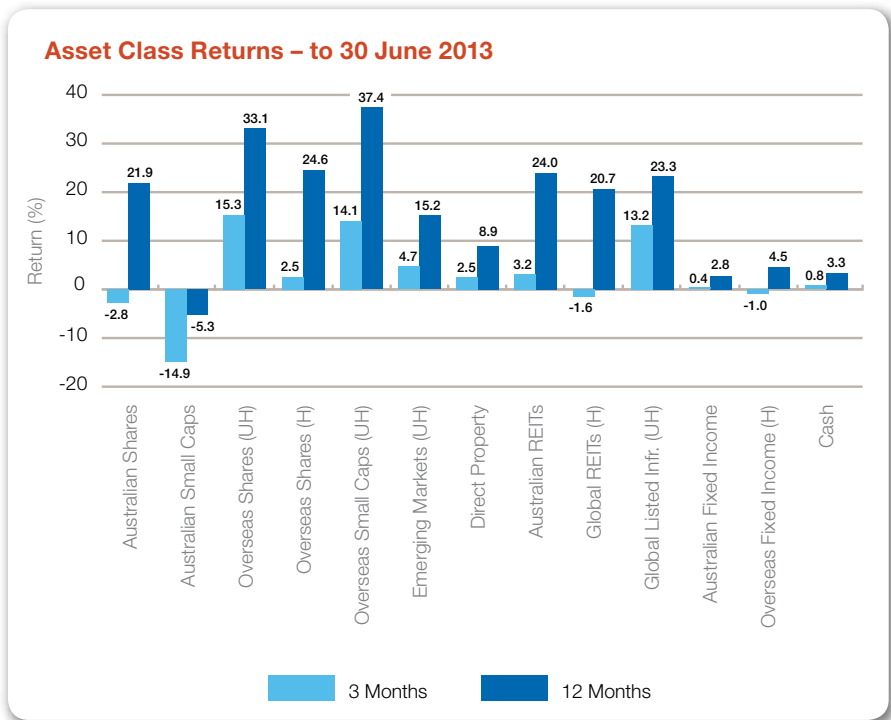


## Australia

The Australian economy was generating solid levels of growth at the start of the financial year but weaker domestic conditions and downward pressure on commodity prices, largely due to the sluggish Chinese economy, triggered a reduction in interest rates in early October 2012. Uncertainty over Australia's medium-term economic outlook was as high at the close of 2012 as it has been since 2008. In early 2013, however, evidence pointed to some tentative strengthening and Australia's economy actually grew by 0.6% in the March 2013 quarter, bringing the seasonally adjusted annual growth rate to 2.5%. However, this was not enough to meet market expectations causing the Australian market to underperform global markets.

## Asset class returns

Share markets produced very solid returns for the year with international equities (unhedged) being the best performing asset class (especially Global Small Companies).



Source: Thomson Financial Datastream. MSCI data provided 'as is'.

NOTE: Past performance is not a reliable indicator of future performance.

# your investment performance – investment market outlook

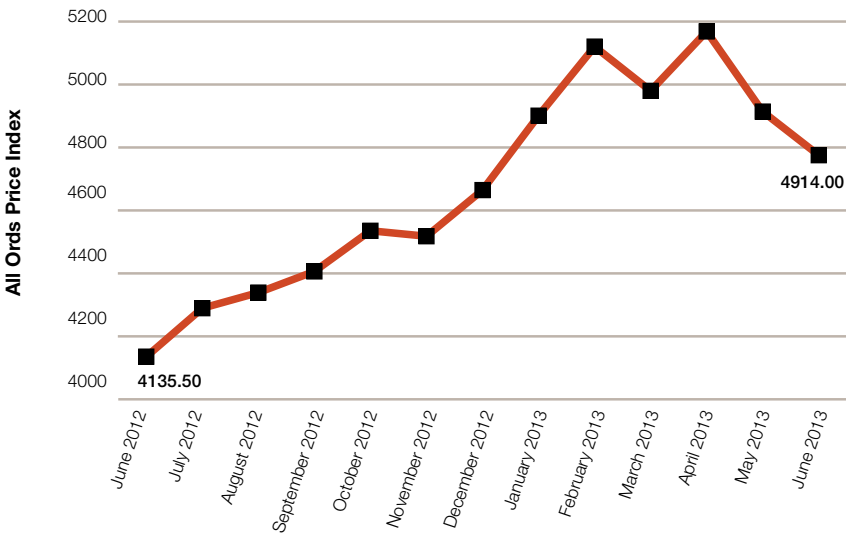
Global economic conditions continue to improve, albeit slowly. This provides a solid foundation for investment markets in 2013/14.

The expectation is for continued growth in share markets – perhaps not as strong as the rises seen in the past 12 months but strong share price growth nevertheless. Global fixed income yields are likely to continue to rise in this environment thereby curtailing returns from defensive asset classes. A key challenge for markets will be the approach taken by the major central banks to start winding back the vast array of monetary stimulus put into the economy over the past 4 years.

The Australian economy is likely to go through further transition from mining sector led investment to a broader housing/retail/manufacturing sector led recovery over the course of the 2013/14 financial year. This will pose some challenges for the economy and for policy makers. We believe there is a strong chance that local interest rates will continue to fall and that the Australian dollar could well fall further. While Australian share prices are expected to hold up fairly well, they may continue to underperform international shares.

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 2012/13**



# 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 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.

From 1 September 2013, this option will be known as the NSF MySuper option for members in the Employer Sponsored Division.

## 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
<b>Compound average</b>			
5 year	2.58	N/A	2.33
7 year	1.84	N/A	2.60
Since inception*	7.80	6.40	3.14

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

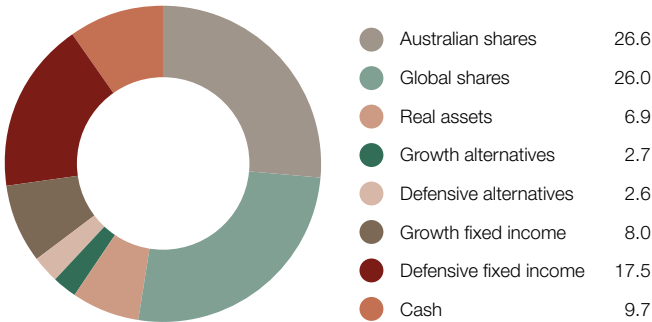
\*\* Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.

# your investment options

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2012	At 30 June 2013
Australian shares	15-40	27	28.5	26.6
Global shares	10-35	22	23.3	26.0
Real assets	0-20	7	7.9	6.9
Growth alternatives	0-10	5	3.4	2.7
Defensive alternatives	0-10	1	3.4	2.6
Growth fixed income	0-20	8	4.7	8.0
Defensive fixed income	10-35	23	16.1	17.5
Cash	0-20	7	12.7	9.7

## Asset allocation at 30 June 2013



## 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
<b>Compound average</b>			
5 year	2.30	N/A	2.33
7 year	1.52	N/A	2.60
Since inception*	5.95	6.63	2.72

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

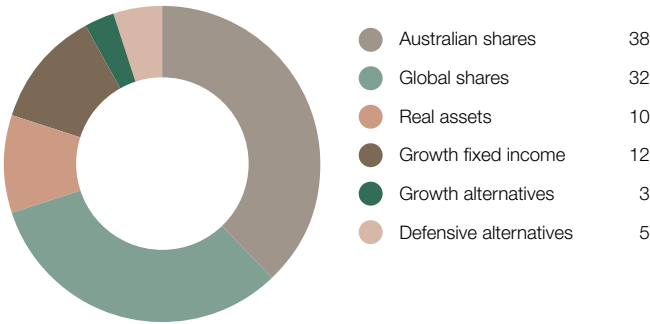
*\*\* Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

# your investment options

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2012	At 30 June 2013
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 2013



## 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
<b>Compound average</b>			
5 year	4.18	N/A	2.33
7 year	3.37	N/A	2.60
Since inception*	5.39	7.63	3.03

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

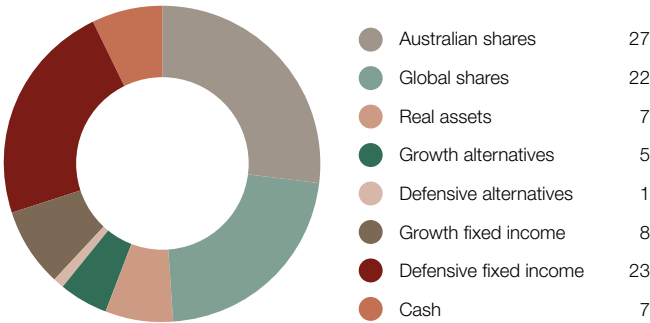
*\*\* Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

# your investment options

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2012	At 30 June 2013
Australian shares	15-40	27	27	27
Global shares	10-35	22	22	22
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 2013





## 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
30 June 2013	7.42	8.76	2.39
<b>Compound average</b>			
5 year	3.01	N/A	2.33
7 year	2.12	N/A	2.60
Since inception*	3.97	4.97	2.72

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

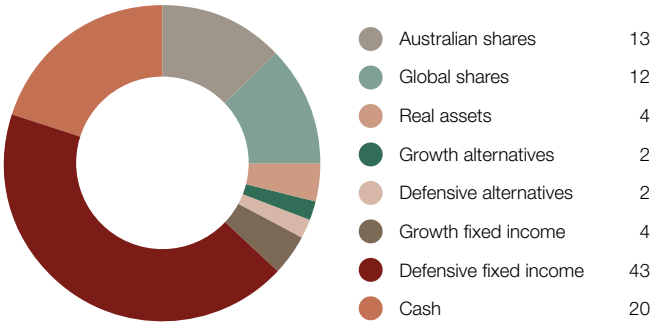
*\*\* Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.*

# your investment options

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2012	At 30 June 2013
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 2013



## 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
30 June 2013	2.57	3.03	3.28
<b>Compound average</b>			
5 year	3.53	N/A	3.49
7 year	4.08	N/A	3.43
Since inception*	4.00	3.81	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.

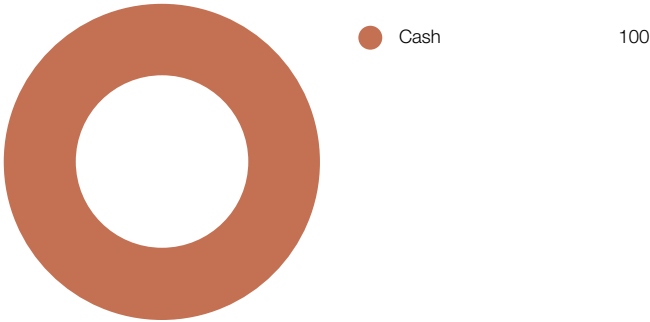
\*\* Pension Division opened on 1 September 2011. Earnings rates for 2011/12 have been annualised from 1 July 2011.

# your investment options

## Asset allocation

Asset class	Target (%)		Actual (%)	
	Range	Target	At 30 June 2012	At 30 June 2013
Cash	N/A	100	100	100

## Asset allocation at 30 June 2013



# 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 2013.

## Investment managers

### Australian shares

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

### Real assets

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

### 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 banks and financial institutions)  
National Australia Bank (operating accounts)

### Global shares

Acadian Asset Management  
Arrowstreet Capital  
Baillie Gifford & Co  
  
BlackRock Investment Management  
Colonial First State Investments  
Fidelity Worldwide Investment  
First Eagle Investment Management  
Franklin Templeton Investments  
Global Thematic Partners  
Hexavest  
Investec Asset Management  
Lazard Asset Management  
Linghor & Partner Asset Management  
Veritas Asset Management  
Wellington Management Company

### Alternatives

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

### Australian fixed income

Blackrock Asset Management  
BT Investment Management  
Challenger  
Macquarie Investment Management  
ME Portfolio Management  
Amicus Advisory \*

\* 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)	5.11%
Vinva Investment Management (under Australian shares mandate from Mercer)	5.11%

## top ten share holdings

### Australian shares

As at 30 June 2013, NSF Super's top ten Australian share holdings, by investment value, were:

Company name	Industry	Percentage of Australian shares portfolio
BHP Billiton	Metals & mining	8.58%
ANZ Banking Group	Banking & financial services	6.72%
Westpac Banking Corporation	Banking & financial services	5.85%
National Australia Bank	Banking & financial services	5.67%
Commonwealth Bank of Australia	Banking & financial services	5.67%
Telstra Corporation	Telecommunications	4.66%
Wesfarmers	Retailing	3.01%
CSL	Health	2.60%
Woodside Petroleum	Oil & gas	2.30%
Rio Tinto	Metals & mining	2.25%

### Global shares

As at 30 June 2013, NSF Super's top ten global share holdings, by investment value, were:

Company name	Country	Industry	"Percentage of global shares portfolio"
Roche Holding AG	Switzerland	Pharmaceutical	1.10%
Samsung Electronics	South Korea	Consumer electronics	0.88%
Taiwan Semiconductor Manufacturing Company	Taiwan	Semiconductors	0.68%
Google	USA	Computer software & online services	0.64%
Microsoft Corporation	USA	Computer software & online services	0.59%
Apple	USA	Computer electronics	0.57%
Sberbank Rossi	Russia	Financial services	0.47%
China Mobile	China	Telecommunications	0.43%
Amazon	USA	Online retailing	0.43%
GlaxoSmithKline	UK	Pharmaceutical	0.39%

# 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 2012/13 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 for the year as at 30 June 2013 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 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.



**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.



**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.





**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 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 Imienonek**

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.

# your trustee board

## Board changes

Mark Sullivan resigned as a Director during the year, effective 30 November 2012. Kelvin Clarke resigned as a Director during the year, effective 30 April 2013.

Matthew Kerr was appointed a Director on 1 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.

## 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 staff remuneration for 2012/13	
Remuneration band ^	Directors & Key Management personnel
\$0 - \$20,000	3
\$20,001 - \$40,000	1
\$40,001 - \$60,000	4
\$60,001 - \$80,000	2
\$170,001 - \$190,000	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)	\$31,162 per annum
<b>Additional fees</b>	
Investment committee membership	\$1,839 per annum
Claims committee membership	\$10,604 per annum
Chairman fee	\$14,986 per annum
Other approved activities	\$247 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 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 Directors, to focus on particular issues of importance to NSF Super. The following Directors were members of these committees at 30 June 2013:

Board committees		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.	Barry Cochran (Chair) Helen Imienionek Kim McHugh Mark Sullivan*
<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.	Owen Kilpatrick (Chair) Matthew Burgess Kelvin Clarke* Kenneth Conway Helen Imienionek 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.	Barry Cochran (Chair) Kelvin Clarke* Kenneth Conway Kim McHugh
<b>Claims Committee</b>	Considers and determines claims lodged for Death, Disablement, Terminal Illness and financial hardship.	Owen Kilpatrick (Chair) Matthew Burgess Kelvin Clarke* Kim McHugh Mark Sullivan*
<b>Business Development Committee</b>	Develops and recommends NSF Super's strategic direction to the Board.	Kenneth Conway (Chair) Matthew Burgess Barry Cochran Mark Sullivan*
<b>Insurance Policy Committee</b>	Recommends to the Board any changes necessary to NSF Super's insurance policies.	Owen Kilpatrick (Chair) Matthew Burgess Kelvin Clarke* Kim McHugh Mark Sullivan*
<b>Remuneration and HR Committee</b>	Oversees the appointment, removal, evaluation and remuneration of Board members and Fund Secretariat.	Kim McHugh (Chair) Matthew Burgess Kenneth Conway Barry Cochran Kelvin Clarke* Maree Gleeson Helen Imienionek Owen Kilpatrick Mark Sullivan*

\* Mark Sullivan resigned as a Director on 30 November 2012. Kelvin Clarke resigned as a Director on 30 April 2013.

# your important information

## Complying Fund

For the period 1 July 2012 to 30 June 2013, 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 2012/13.

## 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

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.

There was no movement in the value of the Administration Reserve account in 2012/13:

	For the year ended 30 June		
Administration reserve account	2013	2012	2011
Opening balance	\$251,000	\$250,000	\$250,000
Movement	\$0	\$1,000	\$0
Closing balance	\$251,000	\$250,000	\$250,000

# 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 over the next three year period in order to act fairly to members and ensure compliance with APRA's standards.

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

The following amounts were deposited into the Operational Risk Financial Reserve account during 2012/13:

For the year ended 30 June	
<b>Operational risk financial reserve account</b>	<b>2013</b>
Opening balance	\$0
Movement	\$390,362
Closing balance	\$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 ongoing 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 the Capital Expenditure Reserve account during 2012/13:

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

## General Reserve

The Trustee established a General Reserve account 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 2012/13:

	For the year ended 30 June
<b>General reserve account</b>	<b>2013</b>
Opening balance	\$0
Movement	\$2,276,408
Closing balance	\$2,276,408

## 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 2013:

<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 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.

*\* Please note: From 1 July 2013, the General Advice Licensee is PSI Superannuation Management Pty Limited as a Corporate Authorised Representative of Pacific Custodians Pty Limited.*

# 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.

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)

## 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 2013

	2013	2012
<b>ASSETS</b>	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents</b>		
Cash at bank	3,409,500	6,549,813
Short-term deposits	1,165,143	318
<b>Other receivables</b>		
Income receivable	–	2,037
GST receivable	199,894	171,661
Sundry debtors	17,616	17,616
<b>Investments</b>		
Unit-linked securities	461,941,139	414,731,124
Interest bearing securities	1,380,360	4,353,697
<b>Tax assets</b>		
Deferred tax assets	5,988,244	10,354,915
<b>TOTAL ASSETS</b>	<b>474,101,896</b>	<b>436,181,181</b>
<b>LIABILITIES</b>		
<b>Trade and other payables</b>		
Benefits payable	1,394,812	1,973,019
Other creditors	1,573,688	631,396
Provision for payout tax	40,977	38,846
<b>Tax liabilities</b>		
Current tax liabilities	736,905	3,868,980
<b>TOTAL LIABILITIES</b>	<b>3,746,382</b>	<b>6,512,241</b>
<b>Net assets available to pay benefits</b>	<b>470,355,514</b>	<b>429,668,940</b>
Represented By:		
<b>Liability for accrued benefits</b>		
Allocated to members' accounts	468,132,668	429,417,940
Not yet allocated to members' account	(752,605)	–
	467,380,063	429,417,940
<b>Reserves</b>		
Operational risk financial reserve	390,362	–
Capital expenditure reserve	57,681	–
General reserve	2,276,408	–
Administration reserve	251,000	251,000
	2,975,451	251,000
	470,355,514	429,668,940

# financial statements

## Operating Statement

For Year Ended 30 June 2013

	2013	2012
	\$	\$
<b>Revenue from ordinary activities</b>		
<b>Investment revenue</b>		
Interest	356,201	730,512
Dividends	–	45,588
Distributions	19,576,580	19,374,925
Changes in net market value of investments	40,396,760	(25,822,534)
Other income	1,136,640	1,328,050
	<u>61,466,181</u>	<u>(4,343,459)</u>
<b>Contribution revenue</b>		
Employer contributions	50,045,197	53,360,189
Member contributions	1,480,516	1,684,915
Transfers from other funds	5,641,820	5,122,953
Proceeds from insurance	4,733,115	4,044,480
	<u>61,900,648</u>	<u>64,212,537</u>
<b>Total revenue from ordinary activities</b>	<b><u>123,366,829</u></b>	<b><u>59,869,078</u></b>
Less:		
<b>Expenses from ordinary activities</b>		
Premiums on term insurance policies	10,373,114	4,235,295
Superannuation contributions surcharge	–	402
Administration asset fees	6,810,654	5,755,445
Asset consultant fees	246,054	292,820
Trustee expenses	1,476,932	945,796
Other general administration expenses	901,064	602,828
<b>Total expenses from ordinary activities</b>	<b><u>19,807,818</u></b>	<b><u>11,832,586</u></b>
<b>Benefits accrued as a result of operations before income tax</b>	<b>103,559,011</b>	<b>48,036,492</b>
Less:		
Income tax expense	(9,295,741)	(5,257,875)
<b>Benefits accrued as a result of operations</b>	<b><u>94,263,270</u></b>	<b><u>42,778,617</u></b>

## Accounts for the Year Ended 30 June 2013

The Accounts for the year ended 30 June 2013 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 2013 by contacting NSF Super.



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Website: [nsfsuper.com.au](http://nsfsuper.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

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