



SMERT
SUPER MONEY ELIGIBLE ROLLOVER FUND

Annual Report

for the year ending 30 June 2015

CONTENTS

CARING FOR YOUR MONEY	3
SMERF INVESTMENTS	5
OPERATION OF FUND RESERVES	9
GENERAL SUPERANNUATION INFORMATION	10
OTHER IMPORTANT INFORMATION	11
ABRIDGED FINANCIAL INFORMATION	12
COMMUNICATING WITH US	13

IMPORTANT INFORMATION

This Annual Report has been prepared by The Trust Company (Superannuation) Limited (“the Trustee” or “TTCSL” or “We” ABN: 49 006 421 638, AFSL No. 235153, RSE Licence L0000635) as the Trustee of the Super Money Eligible Rollover Fund (“the Fund” or “SMERF” ABN: 94 334 023 289 RSE No: R1001372) which relates to the Financial Year ending 30 June 2015. It should be read in conjunction with your 2015 Member Statement, which has been mailed to you.

This Annual Report has been prepared in accordance with the Corporations Act and Corporations Regulations 2001. While all reasonable care has been taken to ensure the information contained in this Annual Report is correct, the Trustee reserves the right to correct any error, misprint or omission. Information contained in this Annual Report is accurate as at 30 June 2015, based on information provided to the Trustee by the Fund’s service providers. Information contained within this Annual Report is specific to the Fund, unless stated otherwise.

Neither the Trustee, nor any of its service providers, guarantee the performance of any of the investments available within the Fund. The Trustee does endeavour to ensure that only professional managers using sound investment processes are utilised.

This publication contains general information or general advice only that has been prepared without taking into account your objectives, financial situation or needs.

If you would like a printed copy of this Annual Report free of charge, contact us at:

SMERF
PO BOX A2499
Sydney South NSW 1235
Freecall: 1800 114 380
Fax: (02) 9262 7473
Email: sm erf@diversa.com.au

CARING FOR YOUR MONEY

The SMERF was established on 1 July 2005 as an Eligible Rollover Fund (“ERF”).

An ERF is a special type of superannuation fund designated by the Australian Prudential Regulation Authority (“APRA”) to receive and invest the entitlements of superannuation members in certain circumstances. Generally, people become members of an ERF because the trustee of a superannuation fund of which they were a member transferred their benefit to the ERF.

The primary purpose of an ERF is as a temporary repository for amounts transferred to the Fund from other regulated superannuation funds, and accordingly, the SMERF Trust Deed only allows rollovers for members and nothing more. If we receive a contribution or any monies from anyone for your membership, we will refund the money back to the source.

Insurance benefits are not available through the Fund.

Consolidate Your Super

Through the SMERF website (www.smerf.com.au) you are able to access SuperSeeker. This is a tool provided by the Australian Taxation Office that will look for your lost superannuation in real time and instantly provide you with possible matches. It is free to use. The SuperSeeker online and phone services are available 24 hours a day, 7 days a week.

There are many benefits of consolidating your superannuation funds - some of which are:

- Saving costs by paying only one set of fees
- Reducing your paperwork; and
- Making it easier to keep track of your superannuation

If eligible, you can claim your benefits from SMERF or request to transfer the benefits to your chosen super fund. Transferring your money is easy:



Who Manages the Fund?

The Trustee of the Fund is The Trust Company (Superannuation) Limited (TTCSL). TTCSL was appointed as trustee on 15 December 2014, following the retirement of the previous trustee CCSL Limited. Both CCSL Limited and TTCSL are member companies of the Diversa Group. The people involved with the management of SMERF remain unchanged.

As Trustee, TTCSL aims to ensure that all legal and compliance obligations are properly met. It is responsible for compliance with the Trust Deed of the Fund, including ongoing satisfaction of legislative requirements, and monitoring of risk controls as specified in its' risk management framework. In summary, the TTCSL's role generally incorporates:

- Fund registration
- Issue of disclosure documents
- Compliance monitoring against legislative and regulatory requirements
- Risk Management

To satisfy capital requirements under superannuation legislation, the Trustee has the benefit of an approved guarantee of \$5 million from a financial institution. You can inspect the approved guarantee at the Trustee's office.

The names of the directors of the Trustee as of 30 June 2015 are as follows: Mark Cerché (Chairman), Murray Jones, Andrew de Vries and Vincent Parrott.

Service Providers

The Trustee uses a range of specialist service providers to help look after the Fund and its investments. The service providers at 30 June 2015 were:

Auditor	UHY Haines Norton
Administrator	Diversa Superannuation Services Limited
Asset Consultant	TAG Asset Consultants Pty Ltd trading as Atchison Consultants
Custodian	RBC Investor Services Trust

Trustee Liability Insurance

The Trustee has liability insurance to protect it and the Fund against certain losses arising as a result of claims made against it (subject to the terms and conditions of the relevant insurance policy).

SMERF INVESTMENTS

The Trustee has adopted an investment strategy that governs the way the assets of SMERF are invested which includes SMERF's investment objective and strategy for achieving this objective.

The Trustee does not promise that Members will earn any return on their investment or that their investment will gain or retain its value. An investment in SMERF is subject to investment risk.

Currently SMERF invests Members' money across various asset classes and two principal underlying investment managers. An investment portfolio with a spread of asset classes is designed to reduce the volatility (variability) of the returns of the portfolio. Volatility may also be reduced by utilising multiple investment managers.

SMERF only has one investment option. As a Member of SMERF, your money will be invested in accordance with the SMERF investment strategy. You do not have a choice of different investment options to choose from.

Investment Objective

The investment objectives of SMERF are to:

- Achieve an after fee and tax crediting rate of at least 3% per annum above increases in Consumer Price Index (CPI) over a rolling five-year period;
- Maintain a cash account of \$1m (within ranges of \$500,000 to \$1.5m) for cash flow management purposes;
- To preserve capital by limiting the likelihood of a negative annual return to no more than one year in ten (Risk Level).

Investment Strategy

In formulating the investment strategy, the Trustee has regard to items related to sources of returns, the risk factors associated with each return source and the appropriate level of diversification required for the investment strategy.

Returns will generally be generated from growth assets and defensive (income) assets. Growth assets will include shares (Australian and international), property and alternative assets, and defensive assets will include fixed interest (Australian and international) and cash.

Asset Allocation

The Trustee has set the following long term strategic asset allocation consistent with the investment objectives and strategy. On an annual basis the objectives and strategy are reviewed by the appointed investment consultant including confirmation that the strategic asset allocation targets and ranges remain consistent with these. The strategic asset allocation and targets and ranges will be changed if required in order to continue to meet the investment objectives.

Asset Class	Asset Allocation Benchmark (%)	Asset Allocation Range (%)
Australian Shares	20.0	10-25
Overseas Shares	12.0	5-15
Australian Property	3.5	0-10
Overseas Property	2.5	0-5
Alternative Assets	2.0	0-5
Total Growth Assets	40.0	15-55
Australian Fixed Interest	9.5	5-20
International Fixed Interest	14.0	10-20
Cash	36.5	30-50
Total Defensive Assets	60.0	45-85

The benchmark asset allocation is SMERF's target allocation to the different asset classes. The actual asset allocation may occasionally fall outside of the ranges shown. This may happen for example as a result of sudden significant movements in values for an asset class or decisions by underlying fund managers. Where this happens, the Trustee will take action to move back within the ranges as soon as practicable having regard to the interests of Fund members.

Underlying Managers and Significant Investments

The Trustee is required to disclose any individual investment or the total investments with any one organisation which represents 5% or more of the Fund's total assets. As at 30 June 2015 the Fund's investments were held as follows:

Name of Investment	% of Assets
Vanguard Balanced Index Fund	51.4
Vanguard Cash Reserve Fund	28.9
BT Wholesale Active Balanced Fund	15.5
Cash	4.2
Total	100.0

Updated information about the allocation of Fund assets to particular asset classes and investment managers is available on request from SMERF. The underlying investment managers used by SMERF may change at the discretion of the Trustee without notification to you as considered necessary or appropriate to achieve SMERF's investment objectives.

Investment Performance

The investment performance of the Fund is calculated after the deduction of some (but not all) fees, costs and taxes. For more information about fees and costs deducted from your account and/or deducted from your investment, please see the Fund's current PDS.

The investment performance of the Fund is calculated and applied to members' accounts each year as at 30 June using a declared crediting rate for the Fund. This rate takes into account the performance of the Fund's underlying investments and any allocation to or distributions from the Fund Reserves.

The declared crediting rate can be positive or negative and may be different from the net return of the Fund's underlying investments.

The net returns (earned from the Fund's investments) and declared crediting rates over the 5 years period to 30 June 2015 are shown below:

Year to 30 June	Net returns	Declared crediting rate
2011	7.10%	7.10%
2012	4.10%	1.80%
2013	10.30%	8.02%
2014	8.90%	4.99%
2015	7.70%	6.00%
Compound average annual return over 5 years	7.60%	5.56%

Note: Past performance is not a reliable indicator of future performance. The Trustee does not guarantee that you will earn any specific rate of return on your investment or that your investment will gain or retain its value.

Interim crediting rates are reviewed and determined at various times during the year for members who leave the Fund part way through a financial year. These are based on what the Trustee believes is prudent having regard to the investment experience of the Fund at the time of the determinations and estimated tax and indirect fees and costs. An interim crediting rate is applied to the accounts of Members that leave the Fund prior to 30 June in any year. The interim crediting rate can be positive or negative.

Derivatives

The Trustee does not directly invest any of the assets of the Fund in derivative securities such as futures, options or swaps. The underlying investment managers of the Fund may however, utilise derivatives to manage the risk and liquidity of their portfolios. Derivatives are not used by the investment managers to gear the investment portfolio of the Fund or as speculative investments.

Asset Consultant

The Trustee utilises an independent Asset Consultant to provide advice regarding the investments of SMERF. The Asset Consultant is Atchison Consultants.

The underlying investment managers and investment funds utilised by SMERF are appointed and removed by the Trustee in accordance with SMERF's investment strategy. Any decision to appoint/remove a manager or fund is based upon an assessment of the style and performance of the manager or fund.

Other Considerations

Labour standards, environmental, social or ethical considerations are not taken into account in making investment decisions or selecting underlying investment managers or investment funds.

OPERATION OF FUND RESERVES

The Fund operates two Reserve accounts. The following reserving arrangements apply:

Source and Limits of the General Reserve

The Reserve comprises accumulated investment income, fees deducted from member accounts, expenses paid, investment tax provisions and any distributions and member protection applied to members including exited members during the year.

The Reserve is measured at 30 June each year. The Trustee manages this Reserve to ensure excess funds are not accumulated. The Reserve cannot be negative.

Purpose and Use of the General Reserve

The primary purpose of the reserve is to accumulate investment income during the financial year in anticipation of crediting members at the conclusion of the financial year. It is also used to pay Fund expenses and taxes as they fall due. The General Reserve may also be used to facilitate the funding of the Fund's Operational Risk Financial Requirement (ORFR). In this regard, amounts from the General Reserve may be transferred to the Operational Risk Reserve (refer to the Operational Risk Reserve section following for further details).

Distributing the General Reserve

At 30 June each year, the Fund administrator runs a trial estimated crediting rates through the administration system and thereby are able to provide estimates of the annual distributions to members. The Trustee then determines and approves the final crediting rates to be applied having regards to the amount distributed and the balance remaining in the Reserve. The final crediting rates are to be applied in such a manner so that the Fund's Reserve after crediting is in the order of \$50,000 - \$100,000 at 30 June each year.

Investment of the General Reserve

The Reserve is invested in line with the Fund's investment strategy, described in the 'SMERF INVESTMENTS' section of this document.

Operational Risk Reserve

The Federal Government as part of its Stronger Super reforms has imposed a requirement for funds to establish and maintain an Operational Risk Reserve (ORR) to specifically cover potential losses arising from operational risks that may affect the Funds' business operations.

An operational risk is the risk of a loss resulting from inadequate or failed internal processes, people and systems, or from external events. The ORR may be drawn upon to assist in compensating members or the Fund in the event of an operational risk having materialised.

The amount of the Reserves as at 30 June (for the respective year) was:

30 June	General Reserve Value \$	Operational Risk Reserve value \$
2013	58,271	40,000
2014	99,620	110,000
2015	65,306	160,000

GENERAL SUPERANNUATION INFORMATION

Early Release of Super Benefit due to Terminal Illness

Under the previous regulations, a person can qualify for early access to their super if they are diagnosed with an illness that, despite reasonable medical treatment, is likely to result in the person's death within 12 months as certified by 2 registered medical practitioners.

Under new laws that were passed in June 2015, you can withdraw your superannuation balance if 2 registered medical practitioners (including one by a medical specialist in the field relating to the illness) certify that you have less than 24 months to live.

Surcharge

Surcharge tax was abolished from 1 July 2005, however the ATO may issue surcharge assessments in respect of prior years. If the Fund received and paid a surcharge assessment in respect of a member during the reporting period, the surcharge tax will have been deducted from the member's account balance and paid to the ATO.

OTHER IMPORTANT INFORMATION

More Information

If you would like more general information about superannuation, please refer to the current Fund PDS or contact our Administrator (see the final page of this Annual Report for contact details).

Lost Members & Unclaimed Benefits

In certain circumstances, SMERF is required to pay superannuation accounts as unclaimed money to the ATO. This is typically done where a person meets the definition of a lost member, generally meaning that you cannot be contacted (the fund receives two pieces of unclaimed mail in respect of you), you have been transferred as a lost member or the account has been inactive for a period of five years and the fund has insufficient information to identify the owner.

Once a member's account has been transferred to the ATO, the member can reclaim their money by applying to the ATO. You can call them on 13 10 20 or visit their website at www.ato.gov.au/super.

Enquiries and Complaints

The Trustee has set up a formal procedure for dealing with enquiries and complaints regarding SMERF's operation and management. You can make an initial enquiry by contacting SMERF or you can formally register a complaint by contacting the:

Enquiries and Complaints Officer
SMERF
PO Box A2499
SYDNEY SOUTH NSW 1235
Phone: 1800 114 380
Fax: 02 9262 7473
Email: smerf@diversa.com.au

We aim to resolve all complaints quickly and fairly. If you are not satisfied with the response from us, you may refer your complaint to the Superannuation Complaints Tribunal (SCT), an independent government body. Strict time limits apply for lodging certain complaints with the SCT; otherwise the SCT may not be able to deal with your complaint.

Superannuation Complaints Tribunal
Locked Bag 3060
GPO MELBOURNE VIC 3001
Phone: 1300 884 114
www.sct.gov.au

ABRIDGED FINANCIAL INFORMATION

The following abridged financial information is based on audited data. As a regulated fund, SMERF is audited each year and a return is lodged with the Australian Prudential Regulation Authority (APRA).

A copy of the fully (audited) financial statements and auditor's report can be made available on request by calling Member Services on 1800 114 380 or on the Fund's website www.smerf.com.au.

The Super Money Eligible Rollover Fund Abridged Statement of Financial Position at 30 June 2015		
	30 June 15 \$ '000	30 June 14 \$ '000
ASSETS		
Investments		
Wholesale Unit Trusts	60,637	63,433
Total Investments	<u>60,637</u>	<u>63,433</u>
Other Assets		
Cash	761	949
Receivables	973	844
Current Tax Asset	75	62
Deferred Tax Assets	-	78
Total Other Assets	<u>1,809</u>	<u>1,933</u>
TOTAL ASSETS	<u>62,446</u>	<u>65,366</u>
LIABILITIES		
Deferred Tax Liability	236	-
Other Payables	106	141
TOTAL LIABILITIES	<u>342</u>	<u>141</u>
NET ASSETS AT END OF THE PERIOD	<u>62,104</u>	<u>65,225</u>
Liability For Accrued Benefits		
Represented by:		
Vested Benefits Allocated to Members	61,835	64,875
Not yet Allocated	43	140
	<u>61,878</u>	<u>65,015</u>
Administrative Reserve	66	100
Operational Risk Reserve	160	110
NET ASSETS AT END OF THE PERIOD	<u>62,104</u>	<u>65,225</u>

COMMUNICATING WITH US

We are happy to assist you with any questions you may have about the Fund or your account. If you have any enquiries or complaints, please contact the Fund at:

SMERF Member Services
PO BOX A2499
Sydney South NSW 1235
Freecall: 1800 114 380
Fax: (02) 9262 7473
Email: smerf@diversa.com.au

You can also follow the SMERF on Twitter: @The_SMERF

