



The Super Money Eligible Rollover Fund

SMERF

Annual Report for the year
ending 30 June 2008

SMERF

SUPER MONEY ELIGIBLE ROLLOVER FUND

ABN: 94 334 023 289 SFN: 511 787 055 RSE: R1001372

Trustee: Trust Company Superannuation Services Limited

(ABN: 49 006 421 638, ASFL: 235153, APRA Licence No. L0000635)

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The Super Money Eligible Rollover Fund ("Fund" or "SMERF"), ABN: 94 334 023 289 SFN: 511 787 055 RN No: R1001372.

The registered office of the Trustee is:
Trust Company Superannuation Services Limited

ABN: 49 006 421 638
AFSL: 235153
RSEL No.: L0000635
Level 3, 530 Collins Street
Melbourne Vic 3000

Note: Neither the Trustee, nor any of its advisors or service providers guarantee the performance of the Fund. Any information contained in this document is general information only. We have not taken into account your individual investment objectives, financial position or needs. Before making a decision on the basis of the information contained in this document, you need to consider whether it is appropriate in light of your own circumstances and you should refer to the Product Disclosure Statement (PDS) for the Fund. You may wish to consult an appropriately licensed or authorised financial adviser for advice on your particular needs.

Whilst all due care has been taken in the preparation of this report, the Trustee reserves its right to correct any errors or omissions.

This Annual Report should be read in conjunction with your annual member statement, which shows your member entitlements in the Fund as at 30 June 2008.

CARING FOR YOUR MONEY

The SMERF was established on 1 July 2005. The Fund operates on the “accumulation” principle, that is, contributions are allocated to specific accounts established for each member. These accounts are credited with amounts transferred to the Fund and any positive investment earnings (after taking into account fees, costs and taxes deducted from the assets of the Fund before determining the Fund’s crediting rate) and debited with withdrawals, amounts transferred from the Fund, any negative investment earnings and fees, costs and taxes deducted directly from a member’s account.

Insured benefits are not available through the Fund.

Who manages the Fund?

The Fund’s trustee is Trust Company Superannuation Services Limited (ABN 49 006 421 638, AFSL No. 235153, RSE L0000635); address: Level 3, 530 Collins Street, Melbourne Vic 3000; Ph (03) 9665 0200. The Trustee is responsible for the operation of the Fund and is legally obliged to operate the Fund in accordance with the Trust Deed and relevant law.

The directors of Trust Company Superannuation Services Limited for the period from 1 July 2007 to 30 June 2008 were; Jonathan Westaby Sweeney, Luigi Mario Rodriguez, Noel Albert Davis, Vicki Allen [Chairperson].

The Trustee uses a range of specialist service providers to help look after the Fund and its investments as follows as at 30 June 2008:

Auditors	Virgoe Crispin Accountants
Administration	Pillar Administration
Asset Consultant	TAG Asset Consultants Pty Ltd trading as Atchison Consultants

The Trust Deed sets out the rules that govern the management of the Fund including how benefits are calculated. For a copy of the Trust Deed, phone 1800 114 380. Should there be any inconsistency between this report and the Fund’s Trust Deed, the terms of the Fund’s Trust Deed will prevail.

Trustee liability insurance

The superannuation law requires the Trustee to act in the best interests of the members at all times. 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).

Investments

The Trustee has formulated an investment policy that governs the way the assets of the Fund are invested which includes the Fund's investment objective (see below) and strategy for achieving this objective (see benchmark asset allocations further below). Changes were made to the Fund's objective and strategy with effect from 6 February 2008. This report shows the objectives and strategy applicable from that date. Details of the Fund's previous objective and strategy can be found in the Fund's Annual Report for the year ended 30 June 2007 available on request or from the website (see relevant details on the final page).

The Fund invests members' money in underlying investment funds that invest across various asset classes. An investment portfolio with a spread of asset classes is designed to reduce the volatility (variability) of the returns of the portfolio.

Investment Objective

The investment objective of the Fund is to:

- > Achieve an after fee and tax earning rate of at least 3% per annum above increases in the Consumer Price Index (CPI) over a rolling five-year period;

- > Avoid the employment of member protection costs beyond one in every 10 years; represented by a minimum crediting rate of 3% (Member protection costs are costs that are ordinarily charged directly to member accounts but cannot, in a given year, be deducted from the accounts to the extent they are in excess of the crediting rate allocated to member accounts. Costs that cannot be deducted from accounts will be met out of the assets of the Fund and, therefore, are borne by all members);
- > Establish capital reserves of up to 5% of assets to increase consistency of member crediting rates and help avoid member protection costs; and
- > Maintain 5% of assets within a cash fund for cash flow management purposes.

The objective is not a promise or guarantee of any particular benefit or return. The objective is used by the Trustee to measure the performance of the Fund's investments.

Investment Strategy

The Fund's investment strategy to achieve these objectives is that the Trustee will have regard to the overall circumstances of the Fund, and will comply with all applicable legislative requirements, when making decisions on investment strategy.

SMERF INVESTMENTS

The Trustee believes the following long term strategic asset allocation for the Fund's assets is consistent with achieving the Fund's investment objectives:

	Benchmark*	Ranges
Australian Shares	20%	15-25%
Overseas Shares	20%	15-25%
Property	10%	5-15%
Australian Fixed Interest	33%	25-40%
Overseas Fixed Interest	7%	5-15%
Cash	10%	5-20%
	100%	

*Note: The benchmark asset allocation is the Fund's target allocation to the different asset classes. The actual asset allocation of the Fund will be close to this benchmark, but will vary from time to time, as a result of the asset allocation decisions of the underlying fund manager of the portfolio. The benchmarks changed effective from 6 February 2008. The benchmark allocations do not take into account amounts held in the Trust Cash Management Fund (see further below for more information about the Trust Cash Management Fund). For previous benchmarks, see the Annual Report for the year ended 30 June 2007 available on request or from the website (see relevant details on the final page).

The Fund's investments will be managed with a view to ensuring that sufficient liquidity will be available to meet expected cash-flow requirements.

Assets will be invested in pooled funds managed by professional portfolio managers who will have responsibility for the investment of the assets within specific constraints.

In choosing prospective managers, the Trustee will have specific regard to their investment strategy, historical performance, effect on the diversification of the Fund's assets, and management structure.

Each underlying investment manager will be expected to report to the Trustee any major shifts in their investment strategy which they may implement, or significant changes in the management structure or other characteristics of their management style as soon as is practicable after their occurrence. Depending on the nature of any such change, the Trustee will consider whether the investment manager remains suitable for the investment strategy outlined above.

Underlying managers and asset allocations

The underlying fund manager of the primary investment fund in which the Fund invested as at 30 June 2007 was State Street Global Advisers. The underlying investment fund utilised at that date was the SSgA Indexed Conservative Trust. From 6 February 2008,

as a result of recommendations made by the Fund's Asset Consultant, a second underlying investment fund (the BT Wholesale Active Balanced Fund managed by the BT Financial Group) was introduced into the Fund.

As at 30 June 2008, 48.57% of the Fund's assets were invested in the SSgA Indexed Conservative Trust and 47.30% of the Fund's assets were invested in the BT Wholesale Active Balanced Fund. The Fund held the remaining 4.13% of its assets in the Trust Cash Management Fund, operated by Trust Company Limited. This cash management fund invests in highly liquid short term securities which have a maturity date of not more than two years to meet the day to day operational needs of the Fund.

Trust Company Limited is a related party of the Trustee (the Trustee is a wholly owned subsidiary of Trust Company Limited).

Investments in the Trust Cash Management Fund are made at arms length and any remuneration received by Trust Company Limited is on commercial terms.

The actual asset allocations of relevant underlying funds on 30 June 2007 and 30 June 2008 are shown in the table below.

Over the longer term it is anticipated that members will benefit from the diversification of managers which reduces the possibility of an investment portfolio suffering from poor performance reflecting a style bias or poor management. Further diversification between growth and defensive portfolios will achieve varying levels of performance at different stages of the market cycle in accordance with the underlying assets. If these are combined it may result in more stable returns to investors.

Asset Class	Actual Asset Allocation 30 June 2007	Actual Asset Allocation 30 June 2008
Australian Shares	13.1	23.2
International Shares	10.8	15.4
Australian Property	4.1	6.5
International Property	1.9	4.0
Total Growth Assets	29.9	49.1
Australian Fixed Interest	25	20.3
International Fixed Interest	24.6	14.3
Cash	20.5	16.3
Total Income Assets	70.1	50.9

SMERF INVESTMENTS

Investment performance

Due to the Fund commencing on 1 July 2005, performance figures are only available for the period 1 July 2005 to 30 June 2008. 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, see your annual Member Benefit Statement and the Fund's current Product Disclosure Statement.

The investment performance of the Fund is calculated daily and applied to member's accounts each year as at 30 June utilising a declared crediting rate for the Fund which takes into account the performance of the Fund's underlying investments and any allocation to or distributions from the Fund reserves (see below).

The declared crediting rate can be positive or negative and may be different from the net return from investments.

The net returns (earned from the Fund's investments) and declared crediting rates for each year ending 30 June, since the inception of the Fund, is shown below:

1 July to 30 June	Net Returns	Declared Crediting Rate
2006	3%	3%*
2007	8%	8%
2008	-4.9%	-4.8%**

* The crediting rate for the year ending 30 June 2006 represents the net earnings of the Fund (after rounding) for the period (approximately 9 months) that the Fund held assets (it is not an annualized rate and does not reflect a full year of investment).

** The Declared Crediting Rate for the year ending 30 June 2008 takes into account allocations from the Fund's Capital Reserve and reflects changes to the Fund's crediting rate policy effective 15 December 2007.

The compound average net return for the Fund since its inception is 2.07% and the compound average declared crediting rate for the Fund since inception is 2.11%.

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.

With effect from 15 December 2007 the crediting rate policy of the Fund was changed to take into account the creation of the Capital Reserve (see below for more information about this).

As a result of the changes to the Fund's crediting rate policy (and changes to the Fund's objectives, strategy and reserving policy), the crediting rates declared by the Trustee for future years may differ to a greater degree from the actual net returns achieved from the Fund's investments.

Derivatives

The Trustee will not directly invest any of the assets of the Fund in derivative securities such as futures, options or swaps. The underlying investment managers utilised by 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. Derivatives are carefully monitored by the Trustee in accordance with the investment policy for the Fund.

Performance monitoring by the Asset Consultant

The Trustee utilises an independent Asset Consultant to provide advice regarding the investments of the Fund. Atchison Consultants were appointed Asset Consultant with effect from 1 November 2006.

The investments of the Fund are continuously monitored via regular investment reports which are reviewed by the Trustee. The underlying investment managers utilised by the Fund are appointed and removed by the Trustee in accordance with the Fund's investment policy. Any decision to appoint/remove a manager is based upon an assessment of the manager's style and performance.

Operation of Fund Reserves

The Fund operates two Reserve Accounts. From 15 December 2007, the following reserving arrangements apply.

The Administration Reserve

Fees deducted from Member's accounts are paid into this Reserve and used to pay some of the costs associated with the operation of the Fund including member protection costs. Any surplus amount in this Reserve after the payment of costs or provisions for costs is applied to the benefit of members at the discretion of the Trustee via a distribution from the Capital Reserve. The reserve is invested in accordance with the investment policy of the Fund. The amount of the Administration Reserve as at 30 June (since inception of this reserve is):

30 June	Reserve Value \$
2007	Nil
2008	Nil

SMERF INVESTMENTS

The Capital Reserve (formerly known as the Investment Reserve)

The Capital Reserve is credited with any investment income of the Fund derived from its underlying investments. The Reserve is maintained to smooth the investment returns (both interim rates during the year and annual crediting rates over the longer term). Crediting rates can be rounded up during times of poor performance and rounded down during times of abnormally high performance. The Trustee manages this Reserve to ensure excess monies are not accumulated in the reserve (see below for further details).

The amount of the Capital Reserve for the last 3 years as at 30 June is shown below:

30 June	Reserve Value \$
2006	43,867
2007	59,391
2008	148,760

The purpose of the Capital Reserve is to enhance the long term growth objectives of the Fund by maintaining the short term volatility objective of avoiding employment of member protection costs beyond 1 in every 10 years.

The Trustee has developed a formula based structure to funding and drawing on the Capital Reserve which maintains transparency and minimises discretionary decisions about

crediting member accounts with monies from the reserve. Both the effects of reserving and member protection costs on equity between members have been considered in establishing this approach.

Funding the Capital Reserve

The reserve will be funded by the allocation of up to 40% of the net returns above the long term objective of an earning rate of inflation + 3% after fees and taxes, to the reserve, each year.

Distributing the Capital Reserve

Member accounts will be allocated 20% of all available monies in the Capital Reserve as at 30 June each year (subject to the effects of any rounding that may be reasonably applied). In the event of an earning rate below the objective of a minimum crediting rate of 3%, the Capital Reserve will be used to fund the difference where sufficient reserves are available.

The Capital Reserve is capped at 5% of total Fund net assets and cannot be negative. As far as is practical, the declared annual crediting rate applied to member account balances effective 30 June each year is the rate that will distribute in full the value of the Capital Reserve to members as at 30 June each year. Small amounts may remain unallocated as a result of rounding (if so, such amounts are maintained in the Capital). The reserve will be invested in accordance with the investment policy of the Fund.

Fees and costs

Updated information about the Fund's management costs is shown below. The Investment Management Fee for the 07/08 year is higher than the previous year and reflects

changes to the Fund's investment strategy during the year. Other fees and costs may apply (for example, transaction costs and service fees). For a further explanation of fees and costs, see the current Fund PDS.

Management Costs

The fees and costs for managing your investment.

Management Costs* depend upon your account balance.

For members with less than \$200, an Administration Fee of 2.50% of account balance per annum plus an estimated Investment Management Fee of 0.71%* of account balance per annum

For members with more than \$199 but less than \$5,001, an Administration Fee of \$9.00 per annum plus an estimated Investment Management Fee of 0.71%* of account balance per annum

For members with an account balance greater than \$5,000, an Administration Fee of 0.165% of account balance per annum plus an estimated Investment Management fee of 0.71%* of account balance per annum

The Administration Fee is deducted from member accounts on the last working day of each month, except if the member is leaving the Fund, in which case it is applied immediately. The Administration Fee is paid into the Administration Reserve from which the operational expenses of the Fund are managed.

For members with more than \$200 but less than \$5,000, the Administration Fee of \$9.00 per annum is charged at a rate of 0.75 cents per month.

The Investment Management Fee is calculated daily and deducted from the investment assets monthly and taken into account in the calculation of the Crediting Rate.

FEES AND COSTS

Additional Expense Recoveries may apply if the expenses of the Fund (including member protection costs) are not covered by the Administration Fees and Investment Management Fees. Expense recoveries cannot be reasonably estimated as they depend on a number of factors including the operational costs actually incurred by the Fund in a given year, the number and size of account balances and the impact of member protection rules. For information about the member protection rules refer to your member statement and the current Fund PDS.

Expense Recoveries are deducted from the investment assets if required and taken into account in the calculation of the Crediting Rate. See "Additional Explanation of Fees and Costs" section of this PDS for more information.

*The investment management fees are estimated based on the fees charged by the underlying investment managers for the investments of the Fund for the year ended 30 June 2008. The investment management fees will vary from year to year depending on the allocation of the Fund's assets to the underlying investment managers during a year.

Taxation Changes

This section contains information about changes to superannuation rules which became law (mainly) with effect from 1 July 2007 (known as the "Better Super" reforms). This section only deals with changes relevant to you as a member of an eligible rollover fund.

Contributions Tax

If a superannuation fund does not hold your tax file number (TFN) by the end of each financial year, higher tax may apply to taxable contributions made to a superannuation fund (called no-TFN contributions) unless you were an existing member of the fund as at 30 June 2007 and contributions in the year do not exceed \$1,000. This may affect payments from the Superannuation Holding Accounts Special Account (SHASA) and Superannuation Guarantee shortfall components from the Tax Office paid into an eligible rollover fund.

The No-TFN tax can (but is not required to) be claimed back by a superannuation fund if the TFN is quoted in the subsequent 3 year period for the benefit of the relevant member.

Benefits Tax

Reasonable Benefit Limits (which previously restricted the amount of concessional tax superannuation a person can receive) were abolished from 1 July 2007.

Benefits paid from a taxed source to a member who is aged 60 or more will generally be tax free, regardless of whether they are paid as a lump sum or income stream.

Benefits paid from a superannuation fund to a member who has reached their preservation age and is less than 60 years of age, will generally continue to be concessional tax but in a simplified manner (any tax free component will not be subject to tax if paid from a taxed source and any taxable component is taxed at a reduced rate).

Death benefits paid to dependants remain tax free (whether paid directly to the dependants or via the deceased member's estate). Death benefits paid to non-dependants must be paid as a lump sum by a superannuation fund and will be subject to tax (including when the benefit comes via the deceased member's estate). A non-dependant for this purpose includes a child aged 18 or more (unless the child is financially dependent or interdependent on the deceased member).

Note: as a result of more recent reforms, special tax treatment may apply to the taxation of superannuation benefits paid to a member because they are terminally ill.

Portability of benefits

From 1 July 2007, funds have 30 days from the date of receiving all relevant information, to process a rollover request (except that a longer period may be allowed for illiquid investments in prescribed circumstances).

LEGISLATIVE CHANGE

Unclaimed money

From 1 July 2007, unclaimed superannuation monies in respect of members who have reached their pension age (age 65) and cannot be contacted for 5 years must be paid to the Tax Office in all cases (these amounts are no longer payable to State Revenue offices). The definition of unclaimed monies has changed so there is no longer a requirement for a benefit to be 'immediately payable' in order for it to be treated as unclaimed.

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.

More Information

If you would like more general information about superannuation (including relevant tax rules), see the current Fund PDS or contact the Administrator (see the final page of this report for contact details).

The Federal Government's reforms in the superannuation area include other reforms that affect the amount of contributions that can be made to superannuation, the taxation of contributions, pension standards and tax file numbers. While these changes do not affect your membership of SMERF, further general information about the taxation changes is available from www.ato.gov.au.

As we cannot provide you with taxation advice or financial advice that takes into account your personal circumstances, for advice relevant to your personal circumstances, we also recommend you seek appropriately qualified taxation or financial advice.

Proof of identity

As a result of Government reforms designed to counteract money laundering and terrorism financing you may be required to provide proof of identity prior to being able to access your benefits in cash (lump sum or pension payments) or purchase a superannuation pension (called "customer identification and verification" requirements). These requirements may also be applied by the Trustee from time to time in relation to the administration of your superannuation benefits as required or considered appropriate under the Government's legislation. You will be notified of any requirements when applicable. If you do not comply with these requirements there may be consequences for you, for example, a delay in the payment of your benefits

These reforms also require the Trustee to report suspicious transactions to Austrac (a government agency responsible for anti-money laundering and counter-terrorism financing). This may involve the disclosure of a member's personal information by the Trustee to Austrac.

The following abridged financial information is based on audited data.

SMERF's Statement of Financial Position at 30 June 2008

	30 June 08 \$	30 June 07 \$
ASSETS		
Cash Assets		
Cash at Bank	18,957	14,608
Receivables		
Contributions & Rollovers Receivable	-	-
Income Receivables	1,661,484	3,008,920
Other Receivables	213,540	
Investments		
Cash & Short Term Deposits	1,150,996	949,987
Unit Trusts	24,876,189	26,220,021
Other Assets		
GST Receivable	20,991	11,255
Tax Assets		
Deferred Tax Assets	401,052	233,070
TOTAL ASSETS	28,343,209	30,437,861

FINANCIAL REPORTS

	30 June 08 \$	30 June 07 \$
LIABILITIES		
Payables		
Accrued Expenses	22,110	93,637
Benefits Payable	-	-
Accounts Payable	105,107	14,875
Tax Liabilities		
Current Tax Liabilities	-	384,629
Deferred Tax Liabilities		
TOTAL LIABILITIES	127,217	493,141
NET ASSETS AVAILABLE TO PAY BENEFITS	28,215,992	29,944,720

Represented by:

LIABILITY FOR ACCRUED BENEFITS	27,962,880	28,879,127
Allocated to Members' Accounts	104,352	6,202
Not Yet Allocated	148,760	59,391
Total Liability for Accrued Benefits	28,215,992	29,944,720

**Statement of Financial Performance for the Financial Year ended
30 June 2008**

	30 June 08	30 June 07
	\$	\$
INVESTMENT REVENUE		
Interest	81,768	82,229
Distributions	2,095,950	3,472,741
Other Investment Income	(3,342,422)	(973,556)
CONTRIBUTIONS REVENUE		
Taxable contributions	12,716	868
Member	8,133	3,229
Transfers In	2,666,312	3,016,451
OTHER REVENUE	15,318	5
TOTAL REVENUES FROM ORDINARY ACTIVITIES	1,537,775	5,601,967

FINANCIAL REPORTS

	30 June 08 \$	30 June 07 \$
INVESTMENT EXPENSES		
Direct Investment Expenses	-	-
Superannuation Contributions Surcharge	-	-
GENERAL ADMINISTRATION EXPENSES		
Administration Expenses	190,264	189,852
Audit Fees	13,700	21,226
Operating Expenses (GST inclusive)	103,056	116,246
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	307,020	327,324
BENEFITS ACCRUED AS A RESULT OF OPERATING BEFORE INCOME TAX	1,230,755	5,274,643
INCOME TAX (BENEFIT) EXPENSE	(59,213)	236,458
BENEFITS ACCRUED AS A RESULT OF OPERATING AFTER INCOME TAX	1,289,968	5,038,185

Would you like further information?

Abridged financial statements are shown in this report. Full (audited) financial statements and the auditor's report will be available by 31 October 2008. To obtain a copy of the audited accounts and auditor's report, write to:

Executive Officer SMERF
Level 3, 530 Collins Street,
Melbourne Vic 3000.

As a regulated fund, SMERF is audited each year and a return is lodged with the Australian Prudential Regulation Authority (APRA).

COMMUNICATING WITH US

The Fund will be happy to assist you with any questions you may have about the Fund or your account. If you want more information please contact the Fund at the contact details below.

SMERF

Administration Officer
Locked Bag 8840
Wollongong NSW 2500

Freecall: 1800 114 380

Freefax: 1800 118 307

Email: administration@smerf.com.au

Website: www.smerf.com.au

SMERT
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