



Part of your Community

Prime Super

annual report

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For the year ended 30 June 2012



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Message from the Chairman & CEO

It gives us great pleasure to report to you on the performance of Prime Super for the financial year to 30 June 2012.

Prime Super wins a Roy Morgan Customer Service Award

Earlier this year, we were named Business Superannuation Manager of the Year (2011) by Roy Morgan Research. We work hard to ensure that we are easy to do business with and it is extremely gratifying to know that our employers appreciate our efforts. This award highlights the efforts of the entire Prime Super team, but especially our team of Regional Managers who are always on hand to provide local support and help to members and employers.

Investing for the future

The 2012 financial year was a difficult one on the investment front as issues stemming from the 2007-08 Global Financial Crisis (GFC) continued to play havoc with investment markets.

Concerns about some European government's ability to repay national debt resulted in significant market fluctuations in May and June of 2012.

Super funds were not immune to the market fluctuations but despite the tough year global sharemarkets had, we are pleased that our Default option has delivered a positive result for the financial year. Notwithstanding the uncertain investment environment, Prime Super has delivered an above-average return when compared to other super funds. Our above-average result can be attributed to our long-term investment focus and our exposure to alternative investments; that do not fluctuate as significantly as the listed markets.

Our other investment choice options also performed well this financial year, with performance in the to 25% (when compared to other funds) from the Managed growth, Australian shares, International shares and Property options, and an above-average return for the Fixed interest option. Our conservative approach to the management of our cash investments has led to sound positive returns for the Conservative and Cash investment choice options.

Unfortunately the fluctuation in global sharemarkets has meant our Australian and International shares and Managed growth investment options delivered a negative return this year, however it is important to note that our returns, while negative, are still well above average when compared to other funds.

We also remain confident that the structure of our investment portfolio will continue to deliver above-average results across the majority of investment options.

We also remain focused on investing for the long-term and riding out the short-term volatility that can often occur within sharemarkets. We ensure our asset allocations are best suited to deliver a long-term benefit to our members.

You can find out more information about our investments in this report or on our website at www.primesuper.com.au.

Recent changes to our Board of Directors

We would like to extend our thanks and appreciation to James Ferguson, the founding Chairman of the Trustee of Prime Super, who stepped down from the Board in June 2012 after more than 18 years of service.

During his time as both Chairman and Director, James has successfully helped guide Prime Super through many changes, to create a strong and well-founded financial institution that is well positioned to take advantage of future opportunities.

We thank James for his many contributions to the Fund and wish him every success with all his future endeavours.

A big thank you

Lastly, on behalf of the entire Prime Super team we would like to take this opportunity to thank you, our members and employers, for your ongoing support and we look forward to continuing to work with you in the future.

Alan Bowman
Chairman

Lachlan Baird
Chief Executive Officer

Oilseed Field in Tasmania.

Investment performance

The year in review

Growth in the global economy faltered over the 2011-12 financial year, and many challenges remain. Global sharemarkets experienced large downswings in May and June and like all investors, we were not immune to the pain of the downswing.

The slowing of the global economy and market volatility can be directly linked to the 2007 GFC. The GFC wreaked havoc with the global economy and although a number of years have passed since the initial shock, we are still yet to deal with the fallout and this is causing such volatility in the markets.

The original crisis related to too much debt in the private sector, that is, with banks and businesses and individuals. This debt was then moved into Government hands. Concerns remain as to how this debt will actually be repaid.

The real issue now is uncertainty. The investment markets are not sure how things will turn out, and as such there is a lot more movement. Good news sees the markets go up quickly, and any bad news sees the markets fall even quicker, as investors don't want to be caught out.

This uncertainty is likely to remain until investors are confident that a solution to the problems in Europe have been addressed and a viable, long-term solution is found.



Investment performance

The following tables show the historical rates of return for each investment option for the super fund and income stream for the five years to 30 June 2012. All returns are net of investment related costs such as fees charged by investment managers, investment expenses incurred by the Fund, and any applicable tax. Please note that no income tax is levied on an income stream account.

Super Fund – Crediting rates

Investment options	2012	2011	2010	2009	2008
Pre-mixed options					
Default	0.77%	10.30%	4.16%	-15.62%	-6.92%
Managed growth	-0.42%	10.49%	-3.18%	-23.04%	-7.85%
Conservative	3.73%	7.04%	2.93%	-11.64%	-2.56%
Target return	0.77%	10.51%	-4.09%	-25.30%	-6.03%
Sector options					
Australian shares	-4.22%	11.45%	9.83%	-20.58%	-12.57%
International shares	-0.63%	10.64%	2.16%	-20.25%	-14.76%
Property	8.01%	6.10%	-4.56%	-22.16%	8.49%
Fixed interest	10.04%	4.87%	7.19%	4.80%	4.79%
Cash	3.38%	4.14%	3.22%	4.36%	5.66%

Super Fund - Historical performance

Investment option	10 year return	5 year return	3 year return	1 year return
Pre-mixed options				
Default	3.93%	-1.89%	5.00%	0.77%
Managed growth	2.14%	-5.45%	2.13%	-0.42%
Conservative	n/a	-0.32%	4.55%	3.73%
Target return	n/a	-5.60%	2.22%	0.77%
Sector options				
Australian shares	n/a	-4.03%	5.44%	-4.22%
International shares	n/a	-5.25%	3.95%	-0.63%
Property	n/a	-1.57%	3.03%	8.01%
Fixed interest	n/a	6.33%	7.35%	10.04%
Cash	n/a	4.15%	3.58%	3.38%

Please note that past performance should not be taken as an indication of future performance

Income Stream – Crediting rates

Investment options	2012	2011	2010	2009	2008
Pre-mixed options					
Default	0.85%	11.70%	5.40%	-18.24%	-8.44%
Managed growth	-0.50%	12.26%	-3.71%	-27.04%	-9.29%
Conservative	4.32%	8.18%	3.50%	-13.53%	-3.05%
Target return	0.87%	12.10%	-4.74%	-28.45%	-6.89%
Sector options					
Australian shares	-4.67%	12.47%	11.00%	-21.87%	-13.92%
International shares	-0.79%	12.28%	2.89%	-21.36%	-16.80%
Property	8.93%	6.79%	-5.20%	-24.50%	9.26%
Fixed interest	11.55%	5.58%	8.25%	5.68%	5.44%
Cash	3.99%	4.89%	3.83%	5.31%	6.70%

Income Stream – Historical performance

Investment options	5 year return	3 year return	1 year return
Pre-mixed options			
Default	-2.33%	5.89%	0.85%
Managed growth	-6.57%	2.46%	-0.50%
Conservative	-0.42%	5.31%	4.32%
Target return	-6.42%	2.51%	0.87%
Sector options			
Australian shares	-4.35%	5.97%	-4.67%
International shares	-5.60%	4.65%	-0.79%
Property	-1.87%	3.31%	8.93%
Fixed interest	7.27%	8.43%	11.55%
Cash	4.94%	4.24%	3.99%

Please note that past performance should not be taken as an indication of future performance.

The returns stated for each investment option in the super fund and income stream are those achieved by the particular option over the year and are not necessarily the return a member will receive. A member's actual rate of return will depend on the timing of any transactions, any deductions (including those outlined), any switches made during the period, and the actual mix of investment options that makes up the member's account.

How investment earnings are allocated to members' accounts

Crediting rates

Each month the Trustee calculates a 'crediting rate' for each investment option. The crediting rate can be positive or negative depending on the performance of the investment option. It is usually calculated within three weeks of the end of the month and is posted on the Prime Super website.

For members who remain with the Fund for the full financial year

Investment earnings are calculated on members' account balances on a monthly basis after deductions for insurance premiums (if applicable) and all applicable taxes, fees and charges. Super fund members have returns allocated to their accounts at 30 June each year while income stream members have returns allocated to their account on a monthly basis. The total investment gains or losses added to a member's account equals the compound effect of monthly crediting rates less all applicable taxes, fees and charges.

For members who leave the Fund during the financial year

If a member leaves the Fund during the year, the member's account balance will be credited (or debited) with the monthly crediting rates up to the end of the month of the last declared monthly crediting rate. For the period from this date to the date of withdrawal, the Trustee applies an interim crediting rate which is generally 0%. The Trustee reserves the right to apply a different rate in times of significant market fluctuation.

If you need more information about how earnings are applied to your account, please contact us.



Forest in Victoria.

Investment strategy

We utilise a “Two Portfolio” approach to help our members maximise their retirement savings.

The Market Return Portfolio invests in traditional asset classes – Australian and international shares, property, fixed interest and cash – that are linked to the general performance of the economy. Performance of these investment options is measured against universal benchmarks and returns are vulnerable to usual market fluctuations.

The Target Return Portfolio invests in unlisted alternative assets like infrastructure investments, and because returns are not directly tied to movements in the sharemarkets, these assets can help cushion members' returns against short-term market fluctuations.

Our exposure to these alternative investments in the Target Return Portfolio is a key element of our investment strategy because the asset values don't fluctuate quite as much as the publicly listed investments.

Further information about our investment policy is available at www.primesuper.com.au.

Derivatives

The Trustee may directly buy or sell derivative instruments and permits investment managers to use them. However, derivative investments may not be used by the Trustee or investment managers for speculative purposes.

The use of derivatives is monitored and a derivatives risk statement has been prepared by the Trustee that limits use of derivatives to reducing costs, risk and arbitrage, and for other defensive purposes.

Investment options

All members have access to a range of investment options. You can choose any combination of these options, and can direct future contributions into the same options or a different combination of options.

To increase efficiency and decrease transaction costs across all investment options, the cash flow for all options is managed through the Default investment option.

Pre-mixed options

Default

Risk	High
Overview	For members who seek moderate to high returns over the medium to long-term and are prepared to accept some fluctuation in returns over the short-term. This option invests in a diversified range of investments.
Investment objective	To outperform (after tax and investment expenses) CPI by at least 4% p.a. over the long-term. To limit the likelihood of a negative return to approximately five in 20 years.
Time horizon	Five or more years

Conservative

Risk	Medium
Overview	For members who value security over returns. This option invests primarily in defensive assets with the aim of protecting the value of a member's net investment.
Investment objective	To outperform (after tax and investment expenses) CPI by at least 3% p.a. over the medium-term. To limit the likelihood of a negative return to approximately two in 20 years.
Time horizon	Three or more years

Managed growth

Risk	High
Overview	For members who seek moderate to high returns over the medium to long-term and are prepared to accept some fluctuation in returns over the short-term. This option has a higher exposure to alternative investments, including infrastructure and property investments, than the Default option.
Investment objective	To outperform (after tax and investment expenses) CPI by at least 5% p.a. over the long-term. To limit the likelihood of a negative return to approximately five in 20 years.
Time horizon	Six or more years

Target return

Risk	High
Overview	For members who seek strong returns over the long-term and are prepared to accept a higher level of risk to achieve this. This option invests primarily in unlisted assets and as such investment performance is not expected to closely follow listed sharemarkets.
Investment objective	To outperform (after tax and investment expenses) CPI by 7% p.a. over the long-term. To limit the likelihood of a negative return to approximately five in 20 years.
Time horizon	Six or more years

Sector options

Australian shares

Risk	Very high
Overview	For members who seek strong returns over the long-term and are prepared to accept a higher level of risk to achieve this. This option invests in Australian listed companies and returns are expected to vary significantly year to year.
Investment objective	To achieve a return (before tax and investment expenses) broadly in line with the ASX 300 Accumulation Index. To limit the likelihood of a negative return to approximately seven in 20 years.
Time horizon	Seven or more years

International shares

Risk	Very high
Overview	For members who seek strong returns over the long-term and are prepared to accept a higher level of risk to achieve this. This option invests in international listed companies and returns, which are subject to foreign exchange risks, are expected to vary significantly year to year.
Investment objective	To receive a pre-hedged return (before tax and investment expenses) broadly in line with the MSCI World (ex Australia) Index and the MSCI Emerging Markets Index, weighted by the contributions of each of the MSCI All Countries World (ex Australia) Index. To limit the likelihood of a negative return to approximately seven in 20 years.
Time horizon	Seven or more years

Property

Risk	High
Overview	For members who have a preference for seeking moderate to high returns through investing in property. Investment is via listed and unlisted property vehicles.
Investment objective	To outperform (after tax and investment expenses) CPI by at least 6% p.a. over the long-term. To limit the likelihood of a negative return to approximately five in 20 years.
Time horizon	Six or more years

Fixed interest

Risk	Medium
Overview	For members who seek moderate returns for a low level of risk. This option invests in domestic and international fixed interest securities. Losses however are still likely to occur over some periods.
Investment objective	To achieve a rate of return (before tax and investment expenses) broadly in line with major Australian and international bond indices. To limit the likelihood of a negative return to approximately two in 20 years.
Time horizon	One or more years

Cash

Risk	Very low
Overview	For members who place the security of their assets over returns. This option invests solely in short-term, low risk money market securities and is expected to produce returns that are moderately higher than inflation.
Investment objective	To match the UBS Australian Bank Bill Index (before tax and investment expenses). To limit the likelihood of a negative return to approximately one in 50 years.
Time horizon	Any time period

Reserving policies

The Trustee operates two reserves, the administration reserve and the investment reserve, both of which are invested in the Default investment option.

Administration reserve

All member fees are paid into the administration reserve and are used to pay costs. As the Trustee operates the Fund on a not-for-profit basis, any surplus after payment of current costs is applied to the benefit of members at the Trustee's discretion.

Investment reserve

Investment returns earned by the Fund for all investment options are held in an investment reserve between the time they are received by the Fund, and the time they are credited to members. Any returns, positive or negative, achieved on the investment reserve are considered investment earnings of the Fund and will also be distributed to members.

Due to occasional unexpected investment distributions, or estimated tax liabilities and rounding of investment returns to whole cents, it is not practical to distribute the entire investment reserve. The balance of any carry-forward investment reserve is likely to be between zero and around 0.5% of the Fund's assets which is available for distribution to members in subsequent years.

The balance of the administration and investment reserve accounts are:

Year ended	Administration reserve	Investment reserve
2012	\$427,000	\$1,489,000
2011	\$1,133,000	\$2,525,000
2010	\$715,000	\$3,281,000
2009	\$818,000	\$3,310,000
2008	\$884,000	\$1,752,000

Investments of the Fund

The investments of the Fund at 30 June 2012 are as follows. Investments that make up more than 5% or more of the value of the Fund are indicated with an asterisk (*).

Portfolio/Asset class/Fund manager	2012 Market value \$'000	2012 % of total Fund	2011 Market value \$'000	2011 % of total Fund
Market Return Portfolio				
Australian shares				
Ankura Australian Equities	-	-	141,668	12.12
Bennelong Australian Equities	49,801	4.05	55,263	4.73
BlackRock Australian Equities	-	-	12	-
Colonial First State Australian Equities	52,565	4.27	55,329	4.74
Macquarie Australian Equities *	128,793	10.47	142,213	12.17
SSgM Australian Equity Transition Account *	129,650	10.54	-	-
Total	360,809	29.33	394,485	33.76
International shares				
AQR Global Enhanced Equity Fund *	74,980	6.09	74,450	6.37
BlackRock Indexed Emerging Markets IMI Equity Fund	8,623	0.70	-	-
Macquarie Foreign Currency Overlay Portfolio	10,100	0.82	16,522	1.42
MFS Global Equity Trust	33,835	2.75	33,525	2.87
PanAgora Dynamic Global Equity Fund *	79,683	6.48	78,525	6.72
Realindex Global Share Fund	31,147	2.53	33,534	2.87
Wellington Emerging Markets Equity Portfolio	24,236	1.97	27,826	2.38
Total	262,604	21.34	264,382	22.63
Cash				
CBA Operational Bank Account	8,989	0.73	4,961	0.42
CFS Wholesale Premium Cash Fund *	148,439	12.06	144,017	12.33
Total	157,428	12.79	148,978	12.75
Fixed interest				
BlackRock Global Bond Index Fund	21,466	1.74	23,505	2.01
Vanguard Aust Fixed Interest Index Fund *	98,090	7.97	72,454	6.20
Total	119,556	9.71	95,959	8.21
Target Return Portfolio				
Property				
1 King William St (Royal Investment Trust)	28,852	2.34	24,185	2.07
Blackstone Real Estate Part VI	12,764	1.04	10,865	0.93
FKP Core Plus 2 Fund	2,692	0.22	2,888	0.25
Goodman Australia Industrial Fund	25,436	2.07	25,119	2.15
Gresham Property Fund No 3	2,475	0.20	5,856	0.50

Portfolio/Asset class/Fund manager	2012 Market value \$'000	2012 % of total Fund	2011 Market value \$'000	2011 % of total Fund
Target Return Portfolio				
Property				
ICA Property Development Fund 3	137	0.01	205	0.02
Lend Lease Communities Fund 1	3,203	0.26	3,500	0.30
Macquarie Real Estate Equity Fund No 7	5,972	0.49	6,791	0.58
Spirit Finance Corporation (Redstone Trust)	4,344	0.35	3,972	0.34
Tata Realty Initiatives Fund 1	7,121	0.58	5,736	0.49
Total	92,996	7.56	89,117	7.63
Private equity				
Agriculture Company of Australia Pty Ltd	17,460	1.42	37,674	3.22
CM Capital Venture Trust 4	3,056	0.25	2,990	0.26
ING Private Capital Fund 1	196	0.02	140	0.01
Quadrant Private Equity Fund 2	3,714	0.30	5,937	0.51
RFM Australian Wine Fund (formerly Agricultural IT 1)	43	0.00	44	0.00
Total	24,469	1.99	46,785	4.00
Credit opportunities				
Australian Technology Park	25,423	2.07	-	-
Autobahn Tank & Rast Group Term Loans	-	-	10,208	0.87
Dryden VII CDO	4,085	0.33	5,308	0.45
IFM Super Loans Trust	1,663	0.14	1,541	0.13
ITS Technologies & Logistics Senior Term Loan	5,262	0.43	5,404	0.46
LBC Subordinated Debt	34,710	2.82	24,867	2.13
Rivercity Motorway Senior Debt	3,720	0.30	-	-
Standfield Arnage Clo Ltd CDO	5,614	0.46	6,227	0.53
Total	80,477	6.55	53,555	4.57
Infrastructure				
Angel Trains	12,697	1.03	12,235	1.05
Carrix Inc	1,887	0.15	6,255	0.54
Emerging Markets Infrastructure Fund	3,136	0.25	2,482	0.21
GasValpo	28,102	2.28	20,692	1.77
Igasamex	7,663	0.62	-	-
International Parking Group	14,365	1.17	-	-
Listed Infrastructure	12,847	1.04	-	-
Peninsula Link	21,186	1.72	16,509	1.41
Rowville Transmission Facility	13,569	1.10	-	-
Southern Water Cap Ltd	16,807	1.37	17,008	1.46
Total	132,259	10.73	75,181	6.44
Other	-	-	66	0.01
Total Fund	1,230,598	100.00	1,168,508	100.00

Abridged financial statements

Abridged unaudited financial statements for the year ending 30 June 2012 are provided in the following section. The audit of the financial statements is planned to be completed by the end of October 2012 and will be available to members upon request after that date.

Statement of financial position as at 30 June 2012

	2012 \$'000	2011 \$'000
Assets		
Trade and other receivables	241	308
Prepayments	11	7
Deferred tax assets	41,365	34,924
Fixed assets	102	124
Other	357	356
	42,076	35,719
Investments		
Cash and short term deposits	157,428	148,978
Other interest bearing securities	200,033	149,580
Australian shares	385,278	441,270
International shares	262,604	264,382
Property	92,996	89,117
Infrastructure	132,259	75,181
	1,230,598	1,168,508
Total Assets	1,272,674	1,204,227
Liabilities		
Trade and other payables	3,474	3,850
Tax liabilities	5,320	6,754
Total Liabilities	8,794	10,604
Net Assets Available to Pay Benefits	1,263,880	1,193,623
Represented by: Liabilities For Accrued Benefits		
Members Funds	1,261,864	1,189,865
Reserves	2,016	3,758
	1,263,880	1,193,623

Operating statement for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
Investment revenue		
Interest	185	215
Distributions from unit trusts	59,748	58,682
Changes in market values	(55,900)	54,341
Direct investment expenses	(4,813)	(6,510)
Total Investment revenue	(780)	106,728
Contribution revenue		
Employer contributions	143,972	133,200
Members' contributions and roll-ins	25,961	23,857
Total Contribution revenue	169,933	157,057
Other revenue		
Group life insurance proceeds	16,246	11,733
Other	9	75
Total Other revenue	16,255	11,808
Total Revenue	185,408	275,593
Expenses		
General administration expenses	12,012	10,688
Group life insurance premiums	16,132	15,154
Surcharge expense	-	-
Total Expenses	28,144	25,842
Benefits accrued as a result of operations before income tax	157,264	249,751
Less income tax expense	13,158	21,289
Benefits accrued as a result of operations after income tax	144,106	228,462

Important information about your membership in Prime Super

Increase in member administration fees

From 1 January 2013, Prime Super will increase its member administration fee from \$1.00 per member per week to \$1.40 per member per week.

This is the first fee increase in seven years and has been driven by the increased cost of doing business over this time, including CPI, as well as the increased cost associated with the implementation and ongoing compliance with new government legislation.

This fee will also be used to assist in the development and introduction of new products and services in the future.

Changes to superannuation

Federal Budget 2012¹

A brief summary of the changes set out in the Federal Budget relating to super are provided below.

Concessional contributions cap of \$25,000 to apply to all individuals for 2012-13 & 2013-14

The government limits the amount of money you can contribute to your super account at a favourable tax rate. This is known as the concessional contributions cap.

In last year's budget, the government announced that from 1 July 2012, it would increase the amount over 50's could contribute pre-tax from \$25,000 to \$50,000 if they had less than \$500,000 accumulated in super.

However in this year's budget the government announced that it would defer this increase for two years.

This means that the current concessional contributions cap of \$25,000 will apply to everyone, no matter their age, for the 2012-13 and 2013-14 financial years.

Superannuation contributions tax increase for high income earners

If you make contributions into your super account from your pre-tax salary, those contributions (up to the concessional contributions cap we mentioned above) are subject to a 15% contributions tax.

From 1 July 2012, the government wants to double the contributions tax rate for high income earners.

This will mean that if you earn more than \$300,000, the tax you will pay on your pre-tax contributions will double from 15% to 30%.

¹ Please note that changes announced in the Federal Budget are subject to legislative amendments that have not received Royal Assent at 30 June 2012 and are therefore subject to change.

Other important super changes²

*Increase in the SG**

From 1 July 2013, the SG rate will increase from 9 to 9.25%. It will continue to increase incrementally until it reaches 12% on 1 July 2019.

*Removal of SG age limit**

From 1 July 2013, the SG age limit will be removed and employers will be required to make SG contributions for all eligible employees aged 70 years and older.

*Concessional cap indexation paused for 2013-14**

The government will pause indexation of the superannuation general concessional contributions cap for one year in 2013-14, so it remains at \$25,000.

Indexation of the cap will be deferred until 2014-15, when the cap is expected to rise to \$30,000.

Indexation of the non-concessional contributions cap will also be paused.

Income stream draw-down relief to be extended for another year.

In the aftermath of the GFC, the federal government provided draw-down relief to income stream members by applying a 50% reduction in the minimum payment amounts for account-based, allocated and market linked pensions. The minimum payment amounts were due to return to normal in 2012-13, however the government has extended the draw-down relief for an extra year. Please refer to the ATO website for more details about the minimum amounts.

*Co-contribution matching rate to halve**

From 1 July 2012, the co-contribution matching rate will halve from 100% to 50%. The government will also reduce the upper threshold limit from \$61,920 to \$46,920.

*Low income super contribution**

As announced in the Government's response to Australia's future tax system review and in the 2010-11 Federal Budget, the government will provide a new super contribution of up to \$500 annually for eligible low-income earners from the 2012-13 income year. The payment will be 15% of the eligible concessional contributions (including employer contributions) made by or for individuals with adjusted taxable incomes of up to \$37,000 - this amount is not indexed. Individuals will also need to meet a test where at least 10% of their income must be from employment or business sources and they are a resident of Australia or New Zealand.

Stronger Super

In 2009 the Government commissioned a review into the governance, efficiency, structure and operation of Australia's superannuation system. The Government responded to the review by implementing the Stronger Super Reforms designed to lower fees and increase the retirement savings of Australians. The key components of the Stronger Super Reforms include - MySuper, SuperStream, SMSFs and other governance and regulatory issues.

What is MySuper?

MySuper is a new low cost and simple superannuation product that is designed to replace existing default funds. MySuper products will have a similar set of product features, irrespective of who provides them, which should enable members to compare funds more easily.

² As at 30 June 2012 the proposed changes (marked *) are not law as they have not been passed by parliament or received Royal Assent and are therefore subject to change.

The key features of MySuper will be:

- A single diversified investment strategy.
- Comparable data on long-term net returns.
- New heightened duties for trustees.
- Restrictions on unnecessary fees (including new standards on performance fees to fund managers, some banned commissions, a ban on entry fees, exit fees limited to cost recovery, restrictions on switching fees).
- A reasonable allocation of costs between MySuper and other products.
- Life and total and permanent disability (TPD) insurance offered on an opt-out basis.
- Standardised reporting requirements.

Funds will be allowed to offer MySuper products from 1 July 2013. From this date, Prime Super intends to offer its Default investment option as its MySuper product.

What is SuperStream?

SuperStream is a package of measures designed to enhance the 'back office' of superannuation. SuperStream deals with administrative processes and includes proposals to:

- implement standardised forms and common data standards for electronic transactions;
- impose data requirements for processing rollovers and contributions;
- allow the use of tax file numbers (TFNs) as the primary account identifier; and
- encourage the use of technology to improve processing efficiency.

Transfer to an Eligible Rollover Fund (ERF)

In certain circumstances, the Trustee may transfer your benefit to an ERF without seeking your permission. This usually occurs if:

- you cannot be located;
- you have a small account balance that has been inactive for more than 18 months;
- you request a benefit payment but do not provide payment instructions that the Trustee can follow;
- you have left employment and the Trustee is satisfied that you have not received your last Annual Statement at your last known address; or
- the Trustee is required to pay your benefit to an ERF to comply with the law.

If your benefit is paid to an ERF you will no longer be a member of Prime Super and any insurance cover you had with Prime Super will cease.

The ERF that has been chosen by the Trustee for this purpose is:

SMERF

PO Box N835, Grosvenor Place, NSW 1220

Free call: 1800 114 380

Email: administration@smerf.com.au

If your benefit is transferred to the SMERF, you should consider whether it is appropriate for you.

Superannuation surcharge

If the Trustee receives a superannuation surcharge assessment from the ATO regarding your past contributions to Prime Super then the Trustee will be required to deduct the surcharge from your member account and pay it to the ATO.

Your trustee board

The role of the Directors

The Trustee, Prime Super Pty Ltd, is responsible for managing the Fund. The Directors of the Trustee meet regularly to discuss management of the Fund and determine important policies and procedures. Directors receive fees and are reimbursed for travelling expenses for attending board and committee meetings. The Trustee has a constitution containing rules for the appointment and removal of Directors.

The current Directors are:

Name	Date of appointment to the board
Alan Bowman - Chairman	26 January 2001
Bradley Crofts - Deputy Chairman	4 January 2010
Virginia Collins	2 August 2001
Trevor Dixon	5 April 2004
Russell Higginbotham	5 April 2004
David Cooper	1 July 2009
Duncan Fraser	25 August 2010

Recent changes to our Board of Directors

James Ferguson, the founding Chairman of the Trustee of Prime Super stepped down from the Board on 20 June 2012 after more than 18 years of dedicated service to the Fund. James was appointed as the inaugural Chairman in December 1994, and served in that role until 2008 when he stepped down and continued as a Director of the Fund Trustee.

The Trust Deed

The Fund is governed by a Trust Deed which, amongst other things, sets out the entitlements of members and obligations of the Trustee.

On 18 April 2012, the Trust Deed was amended. The amendments do not change any of the rights and obligations of members or their benefits. The changes were intended to simplify the provisions of the existing trust deed. The amended Trust Deed also empowers the Trustee to implement the changes under the anticipated Stronger Super Reforms.

Complying fund

Prime Super is a complying superannuation fund for taxation purposes. All necessary returns and certificates have been lodged with APRA. Once the audit of Prime Super's Financial Statements is complete, returns for the year to 30 June 2012 will also be lodged with APRA.

The Trustee is not aware of any matter which would cause the Fund to lose its complying status. No penalties under superannuation law have been imposed.

Trustee committees

The Trustee has established a number of committees to assist in managing its functions and responsibilities, including an Investment Committee, Audit and Compliance Committee and a Death & Disability Claims Committee. Trustee Directors sit on these committees.

Participating employers are also entitled to establish a policy committee to consider the operation and performance of the Fund and communicate the views of members and employers to the Trustee. Policy committees must be made up of an equal number of member and employer representatives.

At 30 June 2012 there were no policy committees.

Trustee liability insurance

The Trustee has liability insurance to protect it, and the directors, against any losses arising as a result of a claim for a breach of their duty.

Wholly-owned companies

Alan Bowman, Russell Higginbotham, Virginia Collins, Trevor Dixon, David Cooper, Bradley Crofts and Duncan Fraser are all Directors of the Agricultural Company of Australia Pty Ltd (AGRICO), a company established and owned by the Fund to invest a small proportion of Fund assets in the primary industry sector.

James Ferguson stepped down from the AGRICO board on 20 June 2012.

Conflict of interests

The Trustee has established procedures to ensure any conflict of interest in respect of the Directors is disclosed and appropriately dealt with.

West of New South Wales



How to contact us

The Trustee will assist you with any questions you may have about the Fund and your membership. Information available includes, but is not limited to, documents such as the Trust Deed, audited financial statements, auditor's reports, investment policy information, information on enquiries and complaints procedures, insurance policies and the risk management plan.

You can request information and answers to any questions by contacting us by mail, phone, fax or email.

Post Prime Super
Locked Bag 5103
Parramatta NSW 2124

Phone Freecall 1800 675 839 (8am-8pm Sydney time Monday – Friday)

Fax Freefax 1800 023 662

Email administration@primesuper.com.au

Web www.primesuper.com.au

Important information about this report

This report is a summary. The rules governing Prime Super are contained in a Trust Deed and the relevant law. A copy of the Trust Deed can be made available on request. In the event of a dispute, the Trust Deed and relevant law will prevail over this report.

Information in this report was up to date at the time of preparation. However, information can change from time to time. You can obtain up to date and additional information or a copy of our current *Short-Form Product Disclosure Statement (PDS)* by contacting us.



Street view, Kilmore, Victoria





Part of your Community

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asfa member