



PRIME SUPER

ANNUAL REPORT

For the year ended 30 June 2011

Prime Super Pty Ltd ABN 81 067 241 016; AFSL No. 219723; RSE Licence No: L0000277 Prime Super ABN 60 562 335 823; RN 1000276



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 Product Disclosure Statement (PDS) by contacting us.

This report is available online

As previously advised, we will no longer send you a hard copy of our Annual Report with your annual statements unless you specifically request it from us. If you would like to receive a complimentary copy in the mail, please let us know.

About Prime Super

- Established in 1996 through the merger of a number of smaller super funds.
- The only nationally operating industry super fund dedicated to rural and regional Australians.
- Manages the retirement savings of more than 140,000 members and services more than 40,000 employers.
- Low fees, profits to members and no commissions paid to financial planners.
- Industry leading insurance benefits.
- Range of investment options.

We value your feedback

If you have feedback, suggestions or a query about anything appearing in this report please take the time to let us know.

Send us an email at administration@primesuper.com.au or if you prefer to have a chat, give us a call on 1800 675 839.



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Content

Important information about this report	2
Message from the Chairman & CEO	4
Investment update - The year in review	7
Part of your community	11
Key achievements for 2010-2011	15
Our investment strategy	17
Investment performance	19
Investment options	21
Investment policies	30
Investments of the Fund	32
Abridged financial statements	34
Important information about your membership	36
Changes to super law	37
Governance and the board	45
How to contact us	48
Our Regional Managers	49
A summary of fund advisors and service providers	50



Message from the Chairman & CEO

It is with great pleasure that we are reporting to you on the performance of Prime Super for the financial year to 30 June 2011.

We begin by announcing the retirement of a long-serving Director and most recent Chairman, Barry Cochran, effective 31 December 2010. Barry joined the Prime Super board in 1997 and since that time his leadership has been instrumental in the vision and direction of the Fund. We would like to thank Barry for all of his hard work and service to the Fund and we wish him well for the future.

Investment returns back in the black

We are pleased to report a strong return across all of our investment options for the year ending 30 June 2011. Our Default option returned 10.30% for the financial year, coming in the top quartile when compared to other super funds.

We strive to be easier to do business with

It's not just the positive returns that we are happy to report. We have also worked hard this year to make it easier for our members and employers to deal with us. One of the most exciting changes is the decision we recently made to appoint Russell Employee Benefits Pty Ltd ("Russell") as the administrator of the Fund, effective 1 January 2012.

The move to Russell will allow us to provide members and employers with intra-fund financial planning to help with investment, contribution and insurance strategies. We will also have a more comprehensive member education program as well as a number of other exciting service improvements that we will deliver to members and employers over 2012.

We are working closely with outgoing administrator, Pillar Administration, and Russell, to ensure that members and employers have as few interruptions to service as possible during the changeover.

Our industry is changing

The super industry is on the cusp of change. The Government has announced proposals for a vigorous reform package that will impact every aspect of super. The cornerstone of this proposed package is MySuper, SuperStream and a staggered increase in the Superannuation Guarantee (SG) from nine to 12%. Whilst it looks like these changes will almost certainly happen, there is an extensive consultation process in train to ensure the proposed changes are carried out in a manner that best suits all involved.



Part of your community

Mother Nature wreaked havoc on Australia in early 2011. Queensland, Victoria and Tasmania were hit by devastating floods, while Western Australia experienced bushfires. The loss of life and damage to property, especially in Queensland, was immense and our thoughts are with those affected. Two of our Regional Managers (RMs) are based in Queensland and experienced the floods first-hand. Wayne Wright, our Toowoomba based RM spent many hours helping his community clean up after the floods and he continues to play an active role in rebuilding his town.

We have many members and employers affected by these natural disasters and sought to play our part by increasing our support of Lifeline Australia. The extra funding will allow Lifeline to adapt its Psychological First Aid course for young people affected by the floods. It is hoped the course will increase the resilience of young people and increase their capacity to help their siblings and friends deal with the aftermath of the floods.

This year we were also able to build on our partnership with Awards Australia to sponsor the Community and Regional Development Awards in Victoria, Western Australia, Tasmania, New South Wales, Queensland and South Australia. We hope this increased support, together with the support we give to our many industry partners, will elevate and promote members' awareness of super.

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. We recognise that the strength of our Fund lies with you and we look forward to continuing to work with you in the future.

Alan Bowman Chairman **Lachlan Baird**Chief Executive Officer





Investment update - The year in review

The Australian economy continued to perform well over 2010-2011 and has been the envy of many other nations in the developed world. While other advanced economies continue to struggle in the aftermath of the Global Financial Crisis (GFC) Australia continues to experience good economic growth, low unemployment and relatively low levels of government debt. This is partially due to our strong trade ties with fast growing, emerging economies such as China. Our mining sector continues to benefit from growing demand and increasing commodity prices. After rising briefly during the GFC, our unemployment rate has also declined to less than 5%. To the surprise of many, especially those of us about to head overseas, the Australian dollar also rose to record heights, exceeding parity against the US dollar for the first time since 1982. Some currency experts have even forecast that the Australian dollar will continue to rise, peaking at almost \$US1.20.

While the Australian economy as a whole has been very robust, there have been some patches of weakness. The strong Australian dollar and high interest rates have hurt some sectors of the economy, particularly the tourism and manufacturing sectors. They have also - on a broader level - impacted on industrial companies. Australian consumers continue to be cautious and are saving more, and this has impacted on the retail sector.

Natural disasters have also had a significant impact on the economy, with severe flooding and cyclone Yasi causing extensive damage in many regions. Reductions in food supply as a result has also led to increases in the headline rate of inflation. Despite these segments of the economy facing difficulties, the Australian economy remained strong overall during the 2010-2011 financial year.



Strengthening of global economy slows

The global economic recovery strengthened towards the end of 2010, on the back of better than expected US economic data and continuing fiscal and monetary stimulus, particularly in the US. In the shorter term, this prompted many economists to revise upwards the growth forecasts for the US and other global economies. The economic recovery of core European countries, such as Germany and France, was also robust.

However, most developed world economies continue to face headwinds to growth over the medium to longer term. Unemployment in the US and Europe remains stubbornly high and there are concerns about the sustainability of the economic recovery as the extraordinary levels of stimulus are withdrawn over time. Public debt levels in most of the developed world are now at peace time highs, and this has prompted many countries to cut spending in order to bring deficits under control.

The ability of many countries to pay their debts (sovereign risk) emerged as a key issue in early 2010 and continues to be a focal point for financial markets. Highly indebted European economies such as Greece, Ireland and Portugal all accepted bailouts from the European Union and the International Monetary Fund in 2010 or 2011, but it still remains to be seen how successful European authorities have been in fixing this issue.

Emerging economies generally showed a high level of resilience to the global downturn of recent years, with strong growth prospects and low levels of government debt. These economies continued to perform well and contributed to a large proportion of global economic growth during the year. However, there is growing concern that certain emerging economies are overheating. For example, India and China are experiencing high inflation. The increases in prices are driven partially by food price rises due to harsh weather conditions for many of the globe's food producers. For example, floods in Australia, drought in Russia, late rains in Canada, and drought and freezing weather in China. Inflationary pressures in emerging markets have prompted the relevant authorities to increase interest rates and tighten monetary policy in order to cool their economies.



Mother Nature and political uprisings impact global economies

The Japanese earthquake in March 2011 resulted in a terrible loss of life. It has also had large economic ramifications for Japan. The resulting Tsunami compounded the destruction of property and infrastructure, while the nuclear crisis continues to provoke additional uncertainty and widespread concerns for the health of the Japanese people. The World Bank has estimated that the cost of the disaster could be between 2% and 4.5% of the country's Gross Domestic Product (GDP). In the short-term, the Japanese economy is likely to be impacted by the shutdown of factories, supply-chain disruptions and ongoing power interruptions. However, many expect GDP growth to be boosted by the reconstruction effort from the second half of 2011. Sharemarkets recovered much of their initial losses from the disaster; however, there remain uncertainties around the potential for further disruptions to economic activity. This means that sharemarkets are likely to remain more volatile than they would otherwise be.

The growing political unrest in the Middle East and Northern Africa has the potential to disrupt global oil prices. This is a downside risk as higher oil prices will reduce economic growth. The turmoil has spread across a number of countries, but has been particularly pronounced in Egypt, Libya and Syria. A key risk to investment markets is the possibility of the unrest deepening and spreading across the region. Aside from a resulting increase in uncertainty, this would have the potential to have a significant impact on oil production and prices.

Generally the past year has been far better than the previous years, but significant uncertainty remains in the global economy. Locally, the continued strong growth of our economy, on the back of the mining boom, has raised concerns of a two speed economy. The only thing that is certain is that the future is far from certain, and we can expect a lot of volatility over the coming years.





Part of your community

Helping communities affected by the floods

This past year has tested the resolve of people all over the world as Mother Nature wreaked havoc. There were earthquakes in Chile and New Zealand, floods and tornadoes in the US and the fierce earthquake and Tsunami in Japan.

Sadly, Australia was not spared from Her wrath. The devastating floods in Queensland, Victoria and Tasmania, and fires in Western Australia, cost lives and livelihoods.

We are already the proud and long-time supporter of Lifeline's Information Service, which distributed many toolkits in the aftermath of the floods. However, after the floods we increased our funding to allow Lifeline to adapt its Psychological First Aid course for young people affected by the floods.

Our donation has allowed Lifeline to train over 100 new Community Recovery Officers who have been deployed to support those people affected by the floods and cyclone. It also enabled them to recruit seven full time counsellors for different regions across Queensland to provide ongoing support to those most severely impacted by the floods, for a period of two years.

Lifeline has also been able to implement some new services and extend some of their current services across Queensland to support the flood recovery.

One of the new programs is the Face the Fear Youth Project in the Ipswich region. This program provides workshops like kayaking trips for young people, to give young people different experiences in a water environment that contrasts greatly with their recent experience during the flooding. All of the workshops provide young people with access to fun and age-appropriate activities, that with the support of peers and youth counsellors, teaches them skills in facing fears and preparing for life's challenges.

Self-help toolkits hugely popular

In the last year, more than 35,000 people accessed one of Lifeline's self-help toolkits. The most popular toolkit for download was the Suicide Prevention toolkit while perhaps not surprisingly the Overcoming stress, Helping your children cope with the effects of a natural disaster and Coping with loss and change in a community after a natural disaster, were also hugely popular.

A recent survey conducted by Lifeline found that access to a self-help toolkit was the main reason people were visiting the Lifeline website. Our sponsorship of the Lifeline Information Service makes these toolkits possible and we are proud to be able to offer people in need access to valuable information.

For more information visit www.lifeline.org.au, or to access Lifeline's 24 hour counselling service call 13 11 14.



Prime Super sponsors Community Awards

Awards Australia run a series of awards to encourage, acknowledge and pay tribute to individuals, communities, businesses and groups who are making a significant contribution to regional and rural areas.

The Regional Achievement & Community Awards operate in New South Wales/Australian Capital Territory, Victoria, Queensland and Western Australia. The Community Achievement Awards operate in South Australia and Tasmania.

The Awards recognise those who work hard to support and enhance the social, economic, commercial or environmental prosperity of their region.

Last year we sponsored the Community Group of the Year Award in Victoria and Western Australia.

The winner of the Victorian award was Wycheproof Vision from Wycheproof. Wycheproof Vision is a group of dedicated community members which promotes the town with the aim of sustaining its future. The group bring the community of 700 together each year to hold the very successful 'Grain Festival', the only Grain Festival in Australia. The festival incorporates the 'Music on the Mount' which grows in size each year. They are also responsible for the Wycheproof Men's Shed and the Mount Wycheproof Cup.





The winner of the Western Australian award was Alive and Kicking Goals from Broome. Alive and Kicking Goals is a Kimberley project working to address the growing suicide epidemic amongst young Aboriginal people. It's the only Aboriginal-managed, peer-education project which tackles youth suicide through a football club. The project focuses on esteem-building using young Aboriginal men, most of whom have experienced first-hand the effects of suicide, to promote change in Aboriginal communities. They are trained in leadership and suicide prevention, with the skills to identify suicide risk and strategies to combat it within a culturally appropriate environment.

This year, in addition to once again sponsoring the Awards in Victoria and Western Australia, we are also sponsoring the:

- · Events and Tourism Award in Tasmania;
- Business Achievement Award in South Australia;
- · Community of the Year Award in Queensland; and
- Regional & Rural Development Award in New South Wales/ Australian Capital Territory.





Our RMs make personal service a real priority

We are the only truly nationally-operating super fund servicing rural and regional Australia. We recognise the value of face-to-face communication and are committed to providing every member and employer with access to a dedicated RM. Our RM's perform many tasks but their most important is making sure they look after our members, employers and industry partners.

On average they travel more than 180,000 kilometres a year, attend 170 events and conduct 80 seminars. We're so committed to providing a personal service that we are in the process of hiring two new RMs. Our two new managers will look after Central New South Wales and Northern Queensland.

Soon vou'll be able to keep track of your RM

We're making some exciting changes to our website in the coming months. One of these will allow you to keep track of your RM and follow their movements via a Twitter feed on our website. You'll be able to see where they have been, where they are and where they're heading next. We hope to have this new feature up and running soon, so stay tuned!





Key achievements for 2010-2011

Online underwriting takes the hassle out of applying for insurance cover Anyone who has ever applied for insurance – be it life, home and contents, car or health – knows how time-consuming and complicated it can be. So, together with our insurer MetLife, we are proud to introduce online insurance applications that provide members with an easier way of applying for, or increasing, their level of death, TPD and income protection insurance cover.

To access the online application you need to be registered for our online member services.

For those members who aren't a fan of doing things online, you haven't been forgotten. We've simplified our insurance forms to make it easier for you to apply for, or change your level of insurance cover.

Members and employers more than satisfied with our level of customer service A wise man once said you can't improve something if you don't know what's wrong with it. So to find out how we can serve you better, we asked a sample of members and employers who had recently called our customer service centre what they thought of our customer service.

Almost 90% of people who responded either agreed or strongly agreed that:

- their phone call was answered promptly;
- the staff member they spoke to was friendly and understanding;
- the staff member was able to help, or refer them to someone who could help;
- the information provided to them was accurate and easy to understand; and
- any follow-up promised to them, was carried out.

A small number of members and employers had difficulty understanding the information provided to them and we will work to ensure that this issue is rectified.

If you would like to let us know about the service you've received from our customer service centre or from our RMs, please feel free to:

- call us on 1800 675 839;
- email us at administration@primesuper.com.au; or
- write to us at PO Box 2229, Wollongong NSW 2500.



Online statements make it easier to keep track of your super

If you're registered for online services, you probably already know that your account balance and transaction history is available online, 24/7. Now your member statements and account summaries will also be uploaded to your online account. This will allow you to keep an electronic record of your super.

If you would prefer not to receive hard copies of your statements or summaries, please let us know on 1800 675 839 or administration@primesuper.com.au. If we don't hear from you we will continue to send you your member statements in the mail as well as making them available for you online.





Our investment strategy

At Prime Super, our main objective is to maximise members' investment returns to provide for their retirement. To achieve this we utilise a Two Portfolio approach. This means we split our investments across two distinct investment portfolios – the Market Return Portfolio and the Target Return Portfolio. This sets us apart from the majority of our competitors and we believe this allows us to be well placed to take advantage of future gains but also offers some protection.

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 are measured against universal benchmarks and returns are vulnerable to usual market fluctuations.

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

There is more information about the Fund's investments later in this report. Further information about our investment policy is also available at www.primesuper.com.au.

Proxy voting

In an effort to be a good corporate citizen, Prime Super carries out proxy voting on directly held shares on matters which we regard as important to members. These matters include director's remuneration, re-organisation and mergers, dividend payments and capitalisations. Capitalisation includes approval for companies to issue equity, approve buy back agreements and authorise share repurchase programs.

Proxy voting is an important but time-consuming process that is best handled by our equity managers. However where and when we wish to exercise a vote in a particular direction that is different to the equity manager, we have the ability to do so. This flexibility allows us to focus our voting attentions on the matters we believe are most important to members.



Investment performance

The table below shows historical rates of return for each investment option for the five years to 30 June 2011. The returns are net of all investment related costs such as fees charged by investment managers, investment expenses incurred by the Fund and any applicable tax.

Super Fund

Investment options	2011	2010	2009	2008	2007	Compound average
Pre-mixed options						
Default	10.30%	4.16%	-15.62%	-6.92%	15.20%	0.78% p.a. over 5 years
Managed growth	10.49%	-3.18%	-23.04%	-7.85%	15.94%	-2.53% p.a. over 5 years
Conservative	7.04%	2.93%	-11.64%	-2.56%	6.63%	0.23% p.a. over 5 years
Target return	10.51%	-4.09%	-25.30%	-6.03%	-	-7.12% p.a. over 4 years1
Sector options						
Australian equities	11.45%	9.83%	-20.58%	-12.57%	25.92%	1.37% p.a. over 5 years
International equities	10.64%	2.16%	-20.25%	-14.76%	14.05%	-2.61% p.a. over 5 years
Property	6.10%	-4.56%	-22.16%	8.49%	17.81%	0.15% p.a. over 5 years
Fixed interest	4.87%	7.19%	4.80%	4.79%	2.49%	4.82% p.a. over 5 years
Cash	4.14%	3.22%	4.36%	5.66%	4.93%	4.46% p.a. over 5 years

¹ Target Return Portfolio first opened to members on 1 July 2007. Please note that past performance should not be taken as an indication of future performance.

Income stream

The Prime Super allocated income stream and the non-commutable allocated income stream both commenced on 1 July 2006. The returns shown below are net of all investment related costs such as fees charged by investment managers, investment expenses incurred by the Fund and any applicable tax. No income tax is levied on an income stream account.

Investment option	2011	2010	2009	2008	2007	Compound average
Pre-mixed options						
Default	11.70%	5.40%	-18.24%	-8.44%	12.69%	-0.14% p.a over 5 years
Managed growth	12.26%	-3.71%	-27.04%	-9.29%	17.95%	-3.34% p.a over 5 years
Conservative	8.18%	3.50%	-13.53%	-3.05%	7.52%	0.19% p.a over 5 years
Target return	12.09%	-4.74%	-28.45%	-6.89%	-	-8.16% p.a over 4 years1
Sector options						
Australian equities	12.47%	11.00%	-21.87%	-13.92%	28.46%	1.52% p.a over 5 years
International equities	12.28%	2.89%	-21.36%	-16.80%	16.33%	-2.54% p.a over 5 years
Property	6.79%	-5.20%	-24.50%	9.26%	20.00%	0.04% p.a over 5 years
Fixed interest	5.58%	8.25%	5.68%	5.44%	2.89%	5.55% p.a over 5 years
Cash	4.89%	3.83%	5.31%	6.70%	5.89%	5.32% p.a over 5 years

¹ Target Return Portfolio first opened to members on 1 July 2007. Please note that past performance should not be taken as an indication of future performance.

How are earnings allocated to members' accounts?

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.

Investment earnings are allocated to members' accounts at 30 June each year or upon exit from the Fund. Investment gains or losses are reported to members in dollars. The total investment gains or losses added to an account equals the compound effect of monthly investment returns less all applicable taxes, fees and charges.

What if a member leaves the Fund?

For the purposes of calculating returns (positive or negative) to be applied to the account balance of a member who leaves the Fund during the year, the Trustee calculates a rate (positive or negative) each month. The rate is known as the 'crediting rate'. It is usually calculated within three weeks of the end of the month. Monthly crediting rates are posted on the Prime Super website.

If a member leaves the Fund during the year, the member's account balance will be credited (or debited) with the monthly crediting rates (positive or negative) up to the end of the month of the last determined 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 on the payment of benefits please contact us.

Your tax file number (TFN)

It is not an offence if you do not provide us with your TFN, however, if you do not provide your TFN to us, your super benefit many be adversely affected. In particular, we will be unable to accept any non-concessional (after-tax) contributions from you and will be required to tax your concessional (employer SG) contributions at the highest marginal tax rate. For the 2010-2011 financial year, this means your concessional contributions would have been taxed at 46.5% instead of the 15% concessional tax rate.



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.



Pre-mixed options

Default	
Risk	Medium – High
Overview	For members who want 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 medium-term. To limit the likelihood of a negative return to approximately four in 20 years.
Time horizon	Five or more years
Target asset allocation	Target Return Portfolio Overseas fixed interest Cash Australian equities Australian fixed interest International equities Emerging markets

Investment mix

Asset class	Ranges %	Target %	Actual at 30 June 11 %
Target Return Portfolio			
Property	0.0-20.0	-	7.8
Private equity	0.0-15.0	-	4.4
Natural resources	0.0-05.0	-	0.0
Credit opportunities	0.0-10.0	-	4.8
Infrastructure	0.0-20.0	-	6.8
		37.5	23.8
Maytest Datium Doutfalla			
Market Return Portfolio			
Cash	0.5-30.0	9.0	11.7
Australian fixed interest	0.0-15.0	7.5	6.1
Overseas fixed interest	0.0-15.0	1.5	1.9
Australian equities	5.0-40.0	26.0	34.2
International equities	5.0-35.0	15.5	19.9
Emerging markets	0.0-10.0	3.0	2.4
		62.5	76.2
Total		100.0	100.0

Please note: there is no specific target in each of the asset classes in the Target Return Portfolio due to the illiquid market in which these assets are sourced. Furthermore, flexibility is required so that attractive investment opportunities can be added to the Target Return Portfolio when they present themselves.

Conservativ	<i>r</i> e
Risk	Low – 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
Target asset allocation	 Target Return Portfolio Overseas fixed interest Cash Australian equities Australian fixed interest International equities Emerging markets

Investment mix

Asset class	Ranges %	Target %	Actual at 30 June 11 %
Target Return Portfolio			
Property	0.0-15.0	-	7.1
Private equity	0.0-12.0	-	4.4
Natural resources	0.0-4.0	-	0.0
Credit opportunities	0.8-0.0	-	4.4
Infrastructure	0.0-15.0	-	6.6
		22.5	22.5
Market Return Portfolio			
Cash	20.0- 50.0	35.0	35.0
Australian fixed interest	5.0-25.0	16.0	16.0
Overseas fixed interest	5.0-25.0	10.5	10.5
Australian equities	0.0-20.0	10.0	10.0
International equities	0.0-20.0	6.0	6.0
Emerging markets	0.0-0.0	0.0	0.0
		77.5	77.5
Total		100.0	100.0

Please note: there is no specific target in each of the asset classes in the Target Return Portfolio due to the illiquid market in which these assets are sourced. Furthermore, flexibility is required so that attractive investment opportunities can be added to the Target Return Portfolio when they present themselves.

Managed Growth Risk Medium - High Overview For members who want 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 To outperform (after tax and investment expenses) CPI by at least 5% objective p.a. over the medium term. To limit the likelihood of a negative return to approximately five in 20 years. Time horizon Six or more years **Target asset** Target Return Portfolio allocation Overseas fixed interest Cash Australian equities Australian fixed interest International equities Emerging markets

Investment mix

Asset class	Ranges %	Target %	Actual at 30 June 11 %
Target Return Portfolio			
Property	0.0-37.0	-	17.5
Private equity	0.0-28.0	-	10.7
Natural resources	0.0-10.0	-	0.0
Credit opportunities	0.0-19.0	-	10.6
Infrastructure	0.0-37.0	-	16.2
		55.5	55.0
Market Return Portfolio			
Cash	0.0-10.0	3.0	3.0
Australian fixed interest	0.0-0.0	0.0	0.0
Overseas fixed interest	0.0-0.0	0.0	0.0
Australian equities	10.0-30.0	24.0	24.0
International equities	10.0-30.0	14.0	14.0
Emerging markets	0.0-10.0	4.0	4.0
		45.0	45.0
Total		100.0	100.0

Please note: there is no specific target in each of the asset classes in the Target Return Portfolio due to the illiquid market in which these assets are sourced. Furthermore, flexibility is required so that attractive investment opportunities can be added to the Target Return Portfolio when they present themselves.

Target Ret	urn
Risk	Medium - 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
Target asset allocation	Target Return Portfolio

Investment mix

Asset class	Ranges %	Target %	Actual at 30 June 11 %
Target Return Portfolio			
Property	0.0-67.0	-	31.7
Private equity	0.0-50.0	-	19.5
Natural resources	0.0-17.0	-	0.0
Credit opportunities	0.0-34.0	-	19.4
Infrastructure	0.0-67.0	-	29.4
		100.0	100.0
Market Return Portfolio			
Cash	0.0-0.0	0.0	0.0
Australian fixed interest	0.0-0.0	0.0	0.0
Overseas fixed interest	0.0-0.0	0.0	0.0
Australian equities	0.0-0.0	0.0	0.0
International equities	0.0-0.0	0.0	0.0
Emerging markets	0.0-0.0	0.0	0.0
		0.0	0.0
Total		100.0	100.0

Please note: there is no specific target in each of the asset classes in the Target Return Portfolio due to the illiquid market in which these assets are sourced. Furthermore, flexibility is required so that attractive investment opportunities can be added to the Target Return Portfolio when they present themselves.

Sector Options

Australian E	quities
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 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
Target asset allocation	Australian equities

Internation	al Equities
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 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. To limit the likelihood of a negative return to approximately seven in 20 years.
Time horizon	Seven or more years
Target asset allocation	International equities

Droporty	
Property	
Risk	Medium – 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% 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 asset allocation	 100% in property investment within the Target Return Portfolio
•	

Fixed Interest Low - Medium **Risk** 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 To achieve a rate of return (before tax and investment expenses) objective broadly in line with major Australian and international bond indices. To limit the likelihood of a negative return to approximately one in 20 vears. Time horizon One or more years **Target asset** allocation Overseas fixed interest Australian fixed interest

Cash	
Risk	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
Target asset allocation	• Cash



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Asset allocation	Each of our pre-mixed investment options are derived from different exposures to the Market Return and Target Return portfolios. These asset allocations apply to both our super fund and income stream products.
Current target asset allocation	On 1 December 2010 we redefined the asset allocation in our premixed options. Members were notified of this change via a mailing in March 2011. The GFC was a tough time for investors and we used the experience to review our investment strategy. A number of small changes were made to our pre-mixed options as a result of the review to help better manage the investment risk and better position the Fund for the future.
Asset allocation ranges	To increase efficiency and decrease transaction costs across all investment options, the cash flow for all options is managed through the Default investment option. The asset allocation ranges for all of the pre-mixed options is shown on pages 22 - 25.

Investments policies

The use of derivatives

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

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

Administration reserve

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

All member fees are paid into the administration reserve and used to pay costs. Because 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.

The balance of the administration reserve account at 30 June 2011:

Year ended	2011	2010	2009	2008
Value	\$1,133,000	\$715,000	\$818,000	\$884,000

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 by the investment reserve are considered investment earnings of the Fund and will also be distributed to members. Due to rounding of investment returns to whole cents and occasional unexpected investment distributions or tax liabilities, it may not be practical to distribute the entire investment reserve from time to time. Should this occur, any carry-forward balance is likely to be between zero and around 0.5% of Fund assets, which will be distributed to members at the earliest practical opportunity.

The balance of the investment reserve account at 30 June 2011:

Year ended	2011	2010	2009	2008
Value	\$2,525,000	\$3,281,000	\$3,310,000	\$1,752,000



Investments of the Fund

The investments of the Fund at 30 June 2011 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	2011	2011	2010	2010
manager	Market value \$'000	% of total Fund	Market value \$'000	% of total Fund
Market Return Portfolio:				
Australian Equities				
BGI Australia	12	0.0	189,306	18.78
Black Rock	-	-	124,486	12.35
Ankura Capital*	141,668	12.12	-	-
Bennelong Australian Equity Partners	55,263	4.73	-	-
Colonial First State	55,329	4.74	-	-
Macquarie Funds Group*	142,213	12.17	-	-
Total	394,485	33.76	313,792	31.13
International Equities				
AQR Global Enhanced Equities*	74,450	6.37	68,818	6.83
FX Hedge and Transition Account	16,522	1.42	(3,616)	(0.36)
MFS Global Equity	33,525	2.87	31,963	3.17
PanAgora Dynamic Global Equity Fund*	78,525	6.72	70,961	7.04
Realindex Global Equities	33,534	2.87	31,248	3.10
Wellington Emerging Markets	27,826	2.38	29,206	2.90
Total	264,382	22.63	228,580	22.68
Cash				
CBA Operational Bank Account	4,961	0.42	4,553	0.45
ANZ Cash Plus Fund	-	-	5,171	0.51
CFS Wholesale Premium Cash Fund*	144,017	12.33	119,340	11.84
Total	148,978	12.75	129,064	12.80
Fixed Interest				
Barclays Overseas Bond Index Fund	23,505	2.01	20,222	2.01
Vanquard Aust Fixed Interest Index Fund*	72,454	6.20	40,582	4.03
Total	95,959	8.21	60,804	6.04
Target Return Portfolio:				
Property				
1 King William Street, Adelaide	24,185	2.07	20,244	2.01
AMP Wholesale Office Fund	24,100	2.07	6.171	0.61
Blackstone Real Estate Part VI	10,865	0.93	4,430	0.61
FKP Core Plus 2 Fund	2,888	0.93	3,408	0.44
TIN OOIG FIUS Z I UIIU	2,000	0.20	0,400	0.34



Portfolio / Asset class / Fund	2011	2011	2010	2010
manager	Market value \$'000	% of total Fund	Market value \$'000	% of total Fund
Target Return Portfolio				
Property				
Gresham Property Fund No 3	5,856	0.50	8,186	0.81
ICA Property Development Fund 3	205	0.02	300	0.03
Lend Lease Communities Trust	3,500	0.30	4,285	0.43
Macquarie Goodman Wholesale Fund	25,119	2.15	25,596	2.54
Macquarie Real Estate 7	6,791	0.58	7,455	0.74
Spirit Finance Corporation	3,972	0.34	4,242	0.42
Tata Realty Initiatives Fund 1	5,736	0.49	4,567	0.45
Total	89,117	7.63	88,884	8.82
Private Equity				
Agriculture Company of Australia Pty Ltd	37,674	3.22	39,434	3.90
Agriculture Income Trust No 1	44	0.0	72	0.01
CCSL Limited	-	-	2,692	0.27
CM Capital Venture Trust 4	2,990	0.26	2,192	0.22
ING Private Capital Fund	140	0.01	174	0.02
Quadrant Private Equity Fund	5,937	0.51	4,886	0.48
Total	46,785	4.00	49,450	4.90
Credit Opportunities				
Autobahn Tank & Rast	10,208	0.87	10,661	1.06
Dryden VII CDO	5,308	0.45	2,309	0.23
IFM Super Loans Trust	1,541	0.13	1,455	0.14
ITS Technologies & Logistics	5,404	0.46	7,199	0.71
LBC Subordinated Debt	24,867	2.13	26,753	2.65
Macquarie	-	-	178	0.02
Muir Grove CDO	-	-	2,952	0.29
Stanfield Arnage CDO	6,227	0.53	1,794	0.18
Total	53,555	4.57	53,301	5.28
Infrastructure				
Angel Trains	12,235	1.05	13,150	1.30
Carrix Inc.	6,255	0.54	6,824	0.68
Gasvalpo	20,692	1.77	25,242	2.50
Pisco EMIF LP	2,482	0.21	2,449	0.24
Southern Water Cap Ltd	17,008	1.46	22,291	2.21
Southern Way	16,509	1.41	14,153	1.40
Total	75,181	6.44	84,109	8.33
Other	66	0.01	174	0.02
Total Fund	1 160 500	100	1 000 150	100
Iotai ruila	1,168,508	100	1,008,158	100

Abridged financial statements

Abridged unaudited financial statements for the year ending 30 June 2011 are provided in the following section. The audit of the financial statements is planned to be completed by the end of October 2011 and will be available to members upon request after that date.

Statement of financial position at 30 June 2011

	2011	2010
	\$'000	\$'000
Assets		
Trade and other receivables	308	283
Prepayments	7	12
Deferred tax assets	34,924	41,405
Fixed assets	124	161
Other	356	354
	35,719	42,215
Investments		
Cash and short-term deposits	148,978	129,064
Other interest bearing securities	149,580	114,279
Australian equities	441,270	363,242
International equities	264,382	228,580
Property	89,117	88,884
Infrastructure	75,181	84,109
	1,168,508	1,008,158
Total assets	1,204,227	1,050,373
Liabilities		
Trade and other payables	3,850	3,826
Tax liabilities	6,754	11,916
Total liabilities	10,604	15,742
Net assets available to pay benefits	1,193,623	1,034,631
Represented by: Liabilities for accrued benefits		
Allocated to members' accounts	1,180,685	1,023,558
Unallocated to members' accounts	9,180	6,977
Reserve	3,758	4,096
	1,193,623	1,034,631



Operating statement at 30 June 2011

	2011	2010
	\$'000	\$'000
Investment revenue		
Interest	215	256
Distributions from unit trusts	58,682	46,761
Changes in market values	54,341	(10,850)
Direct investment expenses	(6,510)	(2,550)
Total investment revenue	106,728	33,617
Contribution revenue		
Employer contributions	133,200	126,259
Members' contributions and roll-ins	23,857	18,982
Total contribution revenue	157,057	145,241
Other revenue		
Group life insurance proceeds	11,733	9,905
Other	75	3
Total other revenue	11,808	9,908
Total revenue	275,593	188,766
Expenses		
General administration expenses	10,688	11,053
Group life insurance premiums	15,154	14,966
Surcharge expenses	0	(2)
Total expenses	25,842	26,017
Benefits accrued as a result of operations before income tax	249,751	162,749
Less income tax expense	21,289	16,849
Benefits accrued as a result of operations after income tax	228,462	145,900

Important information about your membership

Change of administrator will deliver benefits to members & emplovers

After a long and exhaustive tender process, the Trustee of Prime Super has decided to change administrators. This change from Pillar Administration to Russell as of 1 January 2012 will allow the Fund to further strengthen its member and employer services, and introduce some exciting new features.

These new features include intra-fund financial planning for members wanting to discuss investment and contribution strategies or insurance; and a more comprehensive member education program.

While Pillar has provided good service and support to Prime Super over our eight year partnership, the additional services offered by Russell, and their technological edge, were necessary to help grow the Fund.

Russell's technology capabilities will enhance the operations of the Fund and enable us to significantly improve our online service offering to members and employers.

We are excited about the additional benefits we will be able to offer members and employers and will be working closely with Pillar and Russell to ensure there are as few interruptions to service as possible, during the changeover.

Data cleansing

We can only communicate with you about your benefit in Prime Super if we have your current contact details. If your contact details change and you don't inform us, we will classify you as a lost member. This means that we will not be able to communicate with you about your super. In an effort to maintain accurate member contact details, we use a third party to cleanse our data against a number of external databases. The company then provides us, where possible, with updated contact details. This year we have located over 10,000 lost members using this process. Please contact us if you would like more information about this process.

Changes to super law

A number of changes (proposed and mandated) were made to the law affecting super over the last year. The most important of these are summarised below.

2011 Federal Budget – proposed changes to super

The following are proposed changes to super from the 2011 Federal Budget. Some of these changes have not yet been passed by Parliament.

Refund of excess concessional contributions

From 1 July 2011, the Government will allow all individuals who breach the concessional contributions cap the option to have excess concessional contributions taken out of their super fund and assessed as income at their marginal tax rate, rather than incurring excess contributions tax of 46.5%.

This measure is a once only opportunity for individuals who have made excess concessional contributions of up to \$10,000 (not indexed).

Higher concessional contributions cap for over 50's

From 1 July 2012, the concessional contributions cap will be increased by \$25,000 (currently \$25,000, indexed at \$5,000 increments with Average Weekly Ordinary Time Earnings) for individuals aged 50 and over with balances of less than \$500,000.

Government co-contribution

The Government will continue to freeze the indexation applied to the upper and lower co-contribution thresholds. They will remain at \$31,920 and \$61,920 respectively, to 30 June 2013.

Tax File Numbers

From 1 July 2011, super fund trustees will be able to make greater use of TFNs to locate and facilitate consolidation of multiple member accounts. This was passed by Parliament on 27 June 2011.

Super information on payslips

From 1 July 2012, measures will be implemented to ensure employees receive information on their payslips regarding the amount of super actually paid into their account. Employees and employers will also receive quarterly notifications from their super fund if regular payments cease.

Reduction in the minimum payments required for accountbased pensions and income streams

The Government will phase out the 50% pension draw-down relief that has been provided over the last three years. Minimum payment amounts for account-based pensions and income streams will be reduced by 25% for 2011-2012 and is expected to return to normal in 2012-2013.

The extension of the drawdown relief will assist account holders recoup losses incurred during the GFC by not forcing them to make large drawdowns on their funds. The minimum pension draw-downs for account-based pensions/income streams are:

Age at start of pension/ income stream	2010-2011	2011-2012	2012-2013
Under 65	2%	3%	4%
65-74	2.5%	3.75%	5%
75-79	3%	4.5%	6%
80-84	3.5%	5.25%	7%
85-89	4.5%	6.75%	9%
90-94	5.5%	8.25%	11%
95+	7%	10.5%	14%

Flood levy

The Government has introduced a temporary flood levy for the 2011-2012 financial year to help with the rebuilding of flood-affected regions across Australia. The levy will apply to all Australians with a taxable income of more than \$50,000 in the 2011-2012 financial year. The amount of extra tax applicable is:

Taxable income	Flood levy on this income
\$0 to \$50,000	Nil
\$50,001 to \$100,000	0.5% of amount over \$50,000
Over \$100,000	\$250 + 1% of amount over \$100,000

Anyone who earns more than \$50,000 but who has also received an Australian Government Disaster Recovery Payment or is a New Zealand citizen who has received an ex-gratia payment from Centrelink before 30 June 2012 for a natural disaster that occured in the period 1 July 2010 to 30 June 2011, will be exempt from paying the levy. Employees' who are exempt from paying the levy should complete the Flood levy exemption declaration (NAT 73797) form and provide this to their employer. By completing this form the flood levy should not be included in the amount of tax taken out of their pay. It is not compulsory that employees use this form as any flood levy amounts overpaid will be refunded in the employees 2011-2012 income tax assessment.

The Flood levy exemption declaration form is available for download from the ATO website www.ato.gov.au. It may also be mailed to you by the ATO but will also be available at newsagencies or from the ATO ordering service (please call 1300 720 092).

Flood levy and super lump sums

The Flood levy will be applied to all lump sum payments to members under age 60 if the payment has a taxable component over \$50,000. Please note that lump sums paid to anyone over age 55 and below 60 with a zero rate of tax will still be required to pay the Flood levy as these amounts are considered taxable income.

If you are exempt from paying the Flood levy you should complete the Flood levy declaration form and send it us.

Flood levy and income stream payments

If the taxable portion of your Prime Super income stream payments exceeds \$50,000 in the 2011-2012 financial year, then the Flood levy will automatically be included in the tax withheld from your income stream payments by Prime Super.

However, if you are exempt from paying the Flood levy, you should complete the Flood levy exemption declaration form and send it back to us.

If the Flood levy is applied to your lump sum or income stream and the ATO finds that you are exempt, then the tax withheld for the levy will be refunded to you by the ATO after you lodge your 2011-2012 tax return.

Reporting of lost member accounts

From 1 July 2010, super funds are required to report and pay to the ATO:

- lost accounts with balances of less than \$200 (small lost member accounts); and
- lost accounts that have been inactive for a period of five years and have insufficient records to ever identify the owner of the account (insoluble lost member accounts).

From December 2010, SuperSeeker (found on the ATO website) displays all unclaimed super, including small and insoluble lost member accounts. You will require your TFN to use SuperSeeker.

Short-form PDS

Legislation has passed introducing the new short-form PDS regime. We will have a short-form PDS in January 2012.

Super Guarantee (SG)

The Federal Government has previously announced changes that, if agreed to by Parliament, will gradually increase the SG from 9% to 12% between the 2013-2014 and 2019-2020 years.

Increase in SG age limit

Currently, employers are only required to make SG contributions on behalf of employees who are under 70 years of age. The Federal Government announced in 2010 that from 1 July 2013 the age limit will be increased to 75 years. A Bill was introduced into Parliament in March 2011 to facilitate this change.

The Super System Review ("Cooper Review")

The Federal Government released its response to the Cooper Review on 16 December 2010.

Specifically, the Government has stated that it will:

- create a new, simple, low-cost default super product called 'MySuper';
- make the processing of everyday transactions easier, cheaper and faster, through the 'SuperStream' package of measures; and
- strengthen the governance, integrity and regulatory settings of the super system, including in relation to SMSFs.

MySuper

MySuper is essentially a new, low-cost default fund that is designed to boost the retirement savings of disengaged super members by cutting fees and commissions.

Super funds will be allowed to provide MySuper products from 1 July 2013. When fully implemented, any employee will be able to elect to have their super paid into a MySuper product. However, it will not be compulsory for an employee to use a MySuper product.

It is expected that most trustees of super funds will choose to provide a MySuper product, subject to meeting the new requirements. Super funds will still be able to offer different products, and will not be compelled to offer a MySuper product.

SuperStream

The report recommends a change to the back-office system – called SuperStream - which would see greater use of TFNs and ecommerce to reduce costs and the volume of lost accounts.

It's anticipated the broader SuperStream package will be progressed on a phased basis, with most measures in place by 1 July 2015. However, it's expected that the arrangements relating to common data standards and electronic transmission of linked personal and financial data will be settled by 1 July 2012.

The Government is committed to facilitating the use of an individual's TFN as the primary identifier of a member account from 1 July 2011.

Trustee Governance

The Government's response supports, in principle, a new class of 'trustee directors' with greater duties and powers. Further to this, it suggests that trustees must be able to demonstrate on a yearly basis that it has the collective skill set to govern a fund. This class of 'trustee director' will need to be clearly defined in the Superannuation Industry (Supervision) Act 1993.

There would be an annual audit of the trustee's performance against the requirements of the Code of Trustee Governance, and the results of the audit would be made available on the fund's website.

For more information on the Cooper Review please visit the review website at www.supersystemreview.gov.au.



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;
- vou 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 the Fund and all insurance cover will cease. Instead, you will become a member of the ERF and your benefit will be subject to its governing rules.

An ERF is a fund designated by APRA to receive and invest the entitlements of super members in certain circumstances. If you are transferred to an ERF you will be sent its PDS or you can request one at any time. A fee of \$10 is charged to members by the Trustee for a transfer to an ERF.

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

SMFRF

Locked Bag 8840 Wollongong NSW 2500 Free call: 1800 114 380 Free fax: 1800 118 307

Email: administration@smerf.com.au

If your benefit is transferred to the SMERF, you should consider

whether it is appropriate for you.

Unclaimed benefits

A benefit may become unclaimed if:

- you have reached eligibility age (currently 65);
- we have not received a contribution for you for at least two years; and
- we have not had contact with you for five years despite making reasonable efforts to do so.

In addition, a benefit can also be considered unclaimed in situations where:

- you (the member) die and we cannot find a person to pay the benefit to: or
- if the payment has to be made because of a divorce but you or your legal representative cannot be located; or
- if you are a temporary resident and have left Australia.

These benefits are sent to the ATO and may be claimed by contacting the ATO on 13 10 20.

Lost members

It is important that you let us know when you change your address. We cannot send you important information about the Fund and your membership if we do not have your current address. If you do not keep in touch and we are unable to contact you, you may be designated as a 'lost member'.

We are required to report lost members to the ATO Lost Member Register.

Insurance cover issued in error

Rarely, some members may be mistakenly set up with two accounts in the Fund and receive multiple units of default insurance cover.

Should this occur, any cover incorrectly allocated will be invalid and any excess premiums paid will be refunded to your member account, along with an allowance for any investment earnings.

Complying fund

Prime Super is a complying super 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 2011 will also be lodged with APRA.

Privacy laws protecting your personal information

You or your employer will provide personal information about you to the Fund for the primary purpose of establishing and administering your membership of the Fund. Australian privacy laws regulate the way we collect, use, disclose, keep, secure and give access to that personal information.

The Trustee may use this information for related purposes and may disclose your personal information to ensure the efficient management of the membership of the Fund.

Full details are provided in a Privacy Policy published by the Trustee. A summary of the Privacy Policy can also be found in the PDS. Copies of the Privacy Policy and the PDS can be obtained from our website or by contacting us.

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.







Governance and the 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:

imposed.

The current Directors are:			
Name	Date of appointment to the board		
Alan Bowman	Chairman - 26 January 2001		
Bradley Crofts	Deputy Chairman - 4 January 2010		
James Ferguson	7 December 1994		
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		
	Please note: Mr Alan Bowman was appointed Chairman of the Fund, effective 1 January 2011 as a result of the resignation of Mr Barry Cochran, who retired from the board effective 31 December 2010. Bradley Crofts was appointed Deputy Chairman effective 22 June 2011.		
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. From time to time we may need to make changes to the Trust Deed. When this occurs we will communicate to you any changes that may affect you.		
	There were no changes made to the Trust Deed in the financial year ending 30 June 2011.		
Compliance statements	To receive concessional tax treatment, the Trustee must operate in accordance with super law. The Trustee lodges a return each year with APRA, indicating the Fund's compliance with the law.		
	The Trustee is not aware of any matter which would cause the Fund to lose its complying status. No penalties under super law have been		



Anti-money laundering and counter terrorism financing

The Trustee is obligated to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth) (AML/CTF). In this regard, the Trustee is required to maintain a program that identifies, mitigates and manages money laundering and counter-terrorism risks associated with its business. As a result:

- we may require you to provide additional information in order to verify your identity before providing services to you;
- transactions may be delayed or refused where there are reasonable grounds to believe that the transaction breaches AML/CTF or any other Australian law: and
- where transactions are delayed or refused, we are not, subject to applicable law, liable for any loss you suffer howsoever caused.

From time to time, we may be legally required to disclose the information provided by you to regulatory and law enforcement agencies, including the Australian Transaction Reports and Analysis Centre. When undertaking such actions, the Trustee will ensure that members' privacy is respected.

Policy committees

If your employer is a participating employer of the Fund, you may be able to establish a policy committee.

Policy committees consider the operations and performance of the Fund and communicate the views of members and participating employers to the Trustee. Policy committees must be made up of an equal number of member and employer representatives and are the best way for you to make your views known to the Trustee. At 30 June 2011 no policy committees exist. If you would like a policy committee established at your work place, please contact us.

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 dutv.



Wholly-owned companies

James Ferguson, Russell Higginbotham, Alan Bowman, 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. Barry Cochran retired from the AGRICO board effective 31 December 2010.

CCSL Limited was a company owned by the Fund as an investment in the financial services industry, and was the trustee for Prime Super's eligible rollover fund, SMERF. In October 2010, James Ferguson resigned as a Director whilst Russell Higginbotham and Barry Cochran were appointed Directors of CCSL Limited. Barry Cochran subsequently resigned as a Director effective 31 December 2010. A contract for the sale of CCSL Limited was entered into by the Fund in December 2010 and the sale was completed on 15 April 2011.

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.



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 accounts, 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

PO Box 2229

Wollongong NSW 2500

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

Overseas +61 2 4298 6008

Fax Freefax 1800 023 662

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Our Regional Managers



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A summary of Fund advisors and service providers

The Trustee uses a range of specialists to look after the Fund and its investments. In summary, the key parties, including service providers, who assisted the Trustee in managing the Fund at 30 June 2011, were:

Trustee Fund administrator Auditor Asset consultant

Custodian Legal advisors Insurer

Prime Super Pty Ltd Pillar Administration **Ernst & Young** Access Capital Advisers Pty Ltd

National Australia Bank Limited Freehills, Madgwicks MetLife Insurance Limited







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