



**ELIGIBLE ROLLOVER FUND
ANNUAL REPORT
2009**

ABOUT THE AON ELIGIBLE ROLLOVER FUND

The Aon Eligible Rollover Fund ('Aon ERF') accepts:

- ↳ lost member benefits or inactive accounts from other superannuation funds
- ↳ Superannuation Guarantee shortfall amounts
- ↳ small account balances that are uneconomical to leave within a superannuation fund
- ↳ any super lump sum payments received by an individual before age 65.

Contributions cannot be accepted into the Aon ERF. If you would like information about how to consolidate your superannuation and be able to make contributions, please contact us on 1300 880 588. The Aon ERF protects member benefits.

The trustee ensures that the Aon ERF complies with the Superannuation Industry (Supervision) Act and Regulations 1993 ('SIS') and relevant laws.

This report contains general information for the benefit of all members. It is designed to bring you up to date with recent developments and to keep you informed about the operation and benefits of the Aon ERF. More information is available on the [Aon ERF web page](#).

Every effort has been made to ensure the information contained in this report is accurate. However, the trust deed ultimately governs your rights and benefits, and it can be inspected on request to the trustee.

No penalties have been imposed on the Aon ERF or the trustee for non-compliance during the 2008/09 year.

PRINTED COPY OF ANNUAL REPORT

If you would like a printed copy of this annual report free of charge, call us on **1300 880 588** or email contactaon@pillar.com.au.

The information in this report is general in nature. Your personal objectives, financial situation or needs were not taken into account when preparing this information. You may want to seek independent financial advice before making any decisions about your super.

This report has been prepared by Aon Consulting Pty Limited (ABN 48 002 288 646 AFSL 236667) and issued by Aon Superannuation Pty Limited (ABN 83 057 982 822 AFSL 237465) as trustee of the Aon Eligible Rollover Fund (ABN 54 338 733 881).

INVESTMENT PORTFOLIO

Investment aims and strategy

The aim of the Aon ERF is to reduce volatility of returns by investing predominantly in fixed interest and cash with a moderate allocation in shares to enhance the potential for the Fund to outperform inflation after fees. The emphasis is on managing risk rather than maximising the investment return.

The Aon ERF invests in funds managed by specialist investment managers. These professional managers each have their own risk management policy statements which specify the use of derivatives. Derivatives are financial instruments with value derived from underlying investments.

Most managers use derivatives such as options, futures and swaps to protect the value of underlying investments or to gain 'synthetic' exposure to the market when there has been a large inflow of cash (eg the purchase of futures contracts to gain exposure to the share market rather than holding cash while waiting to find stocks to buy at an attractive price). The trustee does not invest in derivatives directly.

Investment managers are chosen by the trustee and reviewed from time to time. The trustee has received the risk management statements of each investment held.

Investment objectives

The specific investment objective for the Aon ERF is to achieve a crediting rate (net of all indirect fees) with a 0.5% outperformance of the Consumer Price Index (CPI) over rolling three-year periods.

This strategy aims to limit the probability of a negative return (net of all indirect fees) to one in any five years.

Asset allocation

| Asset class | 30 June 2009 | 30 June 2008 |
|------------------------------|--------------|--------------|
| Australian shares | 12.4% | 14.9% |
| International shares | 14.0% | 14.3% |
| Australian fixed interest | 38.1% | 36.5% |
| International fixed interest | 24.3% | 24.0% |
| Cash | 11.2% | 10.3% |

Investment returns

The unit prices change according to the investment earnings (or losses) attributed to the Aon ERF. So each time the unit price changes, the investment earnings (or losses) are automatically reflected in your account balance.

Investment performance

The Aon ERF's earning rate (after tax, investment and management fees) for the year ended 30 June 2009 was -2.75% pa. Net crediting rates for the past five years and the compound average net crediting rate for five years are shown in the table at right.

| Year ended 30 June | Actual net crediting rate |
|--|---------------------------|
| 2009 | -2.75% |
| 2008 | - 6.8% |
| 2007 | 3.8% |
| 2006 | 3.5% |
| 2005 | 6.2% |
| Compound average net crediting rate for five years to 30 June 2009 | 0.67% pa |

Underlying investment managers

This table shows the investments and their percentage of the Aon ERF assets at 30 June 2009.

| Investment | Asset class | (\$'000) | % of Aon ERF assets |
|--|----------------|------------|---------------------|
| Russell Australian Cash Fund | Cash | 8,041,352 | 11.2% |
| ANZ Cash Plus Fund* | Fixed interest | 8,005,762 | 11.2% |
| SSgA Australian Fixed Income Index Trust | Fixed interest | 19,316,521 | 26.9% |
| SSgA Global Fixed Income Index Trust | Fixed interest | 17,413,645 | 24.3% |
| SSgA Australian Equities Index Trust | Shares | 8,929,949 | 12.4% |
| SSgA International Equities Hedged Index Trust | Shares | 3,466,877 | 4.8% |
| SSgA International Equities Index Trust | Shares | 6,596,855 | 9.2% |

* The ANZ Cash Plus Fund invests in credit and asset backed securities and has been classified by the Aon ERF as 'fixed interest'.

Note: SSgA transitioned to Vanguard Investments Australia from 1 July 2009.

FINANCIAL SUMMARY

THIS IS A SUMMARY OF THE AON ERF'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009. THE FULL AUDITED FINANCIAL STATEMENTS ARE AVAILABLE, INCLUDING THE AUDIT REPORT. IF YOU WOULD LIKE A COPY PLEASE CALL US.

| Financial movement for the 2008/2009 year (\$'000) | |
|--|-------------------|
| Opening balance at 1 July 2008 | 82,531,547 |
| Money received | |
| Net investment income | 1,681,578 |
| Contributions | 22,036 |
| Transfers and rollovers | 6,884,480 |
| Other | 4 |
| Total income | 8,588,098 |
| Money paid out | |
| Benefits paid | 5,922,122 |
| Administration costs | 4,251,295 |
| Management fees | 66,827 |
| Audit and tax fees | 34,870 |
| Surcharge tax | 3,687 |
| Income tax expense | (505,875) |
| Sundry expenses | 33,559 |
| Total expenses | 9,806,485 |
| Closing balance at 30 June 2009 | 81,313,160 |

| Net assets at the end of the 2008/2009 year (\$'000) | |
|--|-------------------|
| Assets | |
| Investments | 77,512,085 |
| Cash at bank | 3,402,031 |
| Other receivables | 1,425,178 |
| Total assets | 82,339,294 |
| Payments due (liabilities) | |
| Benefits payable | - |
| Administration fees | 1,024,854 |
| Other amounts payable | 1,280 |
| Provision for income tax | - |
| Total payments due (liabilities) | 1,026,134 |
| Net assets at 30 June 2009 | 81,313,160 |

MORE INFORMATION

Protection of benefits

All member account balances in the Aon ERF are protected from administration fees and charges exceeding investment earnings. Administration fees charged to members in each reporting period generally cannot exceed investment returns credited to member accounts. Administration fees include entry fees, the annual member fee and exit fees but not taxation or investment management costs.

In addition, it should be noted that in the event that the Aon ERF experiences negative earnings, administration fees may be charged, provided the apportionment of those costs between members is carried out in a 'fair and equitable' manner as prescribed by the superannuation regulations. The investment strategy minimises the likelihood of such negative investment returns.

Surcharge

The surcharge tax was abolished for contributions made after 1 July 2005. This will not, however, affect any existing or previous surcharge tax liability you may have incurred. The surcharge may also apply if you have not provided your tax file number to the trustee.

Unclaimed benefits

When a member reaches pension age but cannot be located and does not apply to the trustee for their benefit, the trustee will pay the benefit to the ATO. The member may then claim their benefit from the ATO.

Indemnity insurance

The trustee has the benefit of professional indemnity insurance cover to protect the trustee, its directors, and the Fund.

Trust deed and significant events

The Aon ERF was established by a trust deed dated 16 December 2003 which has been amended from time to time. The trust deed has not been amended during the financial year ended 30 June 2009. There were no significant events noted during that financial year.

Legislative changes

Some of the legislative changes that affected superannuation during the year ended 30 June 2009 are listed below:

- ↳ Same-sex partners receiving equal rights to superannuation benefits.

- Family Law changes allowing for de facto partners (including same-sex partners) to split their super benefits on separation.
- Temporary residents who do not claim their superannuation benefit within six months of departure will have their benefits transferred to the ATO as unclaimed monies. They must apply directly to the ATO to claim their benefits.
- ASIC provided class order relief for funds to allow for the requirement to provide exit statements on terminating membership to be waived in the case of temporary residents whose monies are transferred to the ATO as unclaimed monies.
- An additional disclosure requirement was introduced by the Government to provide five-year compound average net returns for periodic member statements from 1 July 2009.
- New legislation was passed to allow for annual reports to be provided to members online. Members can request a hard copy of the annual report to be provided to them at any time.

Privacy policy

We are committed to ensuring the confidentiality and security of your personal information. We will only collect, use and disclose this information for the purposes of processing and administering your accounts and providing services to you, unless otherwise required by law. We are bound by

the Privacy Act 1988 and the National Privacy Principles, as regulated by the Federal Privacy Commissioner, to protect such information from misuse and loss, unauthorised access, modification and disclosure.

You can obtain a copy of the trustee's Privacy Policy and Management Plan, or the Privacy Statement, from the Privacy Officer.

If you have any questions or problems

If you wish to make a complaint, you should write to the trustee's Complaints Officer, Aon Eligible Rollover Fund, PO Box 1949, Wollongong NSW 2500. If the matter is not resolved to your satisfaction, you may appeal to the Superannuation Complaints Tribunal (SCT). The SCT will only handle certain types of complaints and time limits apply for lodging complaints.

For more information on this process, you can contact the SCT on 1300 780 808 or in writing to Locked Bag 3060, GPO Melbourne Vic 3001.

DIRECTORY

Trustee

Aon Superannuation Pty Limited
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Sydney NSW 2000

Administrator

Aon Consulting Pty Limited (with majority
of administration services outsourced to
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trading as Pillar Administration)
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Email contactaon@pillar.com.au

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Phone (02) 9253 7100
Fax (02) 9253 7752

Actuary, Investment and Superannuation Consultant

Aon Consulting Pty Limited

Investment Managers

ING Investment Management Limited
(manager for ANZ Cash Plus)
Russell Investment Management Limited
State Street Global Advisors Australia Limited
(Vanguard Investments Australia from 1 July 2009)

Auditor

KPMG

Custodian Services

BNP Paribas Fund Services Australasia Pty Ltd

erf.aon.com.au

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