

AON ELIGIBLE ROLLOVER FUND
ANNUAL REPORT 2012



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 1993 and Regulations 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 2011/12 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 Hewitt Limited (ABN 48 002 288 646 AFSL No 236667) and issued by Aon Superannuation Pty Limited (ABN 83 057 982 822 AFSL No 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 2011	30 June 2012
Cash	10.3%	10.1%
Australian fixed interest	33.9%	37.0%
International fixed interest	23.6%	24.4%
Australian shares	16.3%	14.1%
International shares	15.9%	14.4%

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 2012 was 2.98%. Over the three years ended 30 June 2012, the average earning rate was 2.71% pa compared to the CPI increase of 2.62% pa. Net crediting rates for the past five years and the compound average net crediting rate for five years are shown in the table below.

Year ended 30 June	Actual net crediting rate
2012	2.98%
2011	1.34%
2010	3.84%
2009	-2.75%
2008	-6.8%
Compound average net crediting rate for five years to 30 June 2012	-0.37% pa

Underlying investment managers

This table shows the investments and their percentage of Aon ERF assets at 30 June 2012.

Investment	Asset class	(\$)	% of Aon ERF assets
Russell Australian Cash Fund	Cash	8,192,147	10.1
Vanguard Australian Fixed Interest Index Fund	Fixed interest	30,134,334	37.0
Vanguard International Fixed Interest Index Fund (Hedged)	Fixed interest	19,859,923	24.4
Vanguard Australian Shares Index Fund	Shares	11,520,903	14.1
Vanguard International Shares Index Fund (Hedged)	Shares	3,525,467	4.3
Vanguard International Shares Index Fund	Shares	8,184,786	10.1

FINANCIAL SUMMARY

This is a summary of the Aon ERF's financial statements for the year ended 30 June 2012. The full audited financial statements and audit report are available. If you would like a copy please call us.

Financial movement for the 2011/12 year (\$)	
Opening balance at 1 July 2011	82,648,431
Money received	
Net investment income	4,859,738
Contributions	8,304
Transfers and rollovers	5,603,690
Other	405
Total revenue	10,472,137
Money paid out	
Benefits paid	5,554,179
Administration costs	3,181,790
Professional fees	239,774
Surcharge tax	–
Income tax expense	(28,104)
Sundry expenses	24,021
Total expenses	8,971,660
Closing balance at 30 June 2012	84,148,908

Net assets at the end of the 2011/12 year (\$)	
Assets	
Investments	81,417,560
Cash	2,559,743
Other receivables	1,089,214
Total assets	85,066,517
Payments due (liabilities)	
Benefits payable	–
Fees payable	876,289
Other amounts payable	41,320
Provision for income tax	–
Total payments due (liabilities)	917,609
Net assets at 30 June 2012	84,148,908

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 super

If your benefit in the Aon ERF becomes unclaimed super it may be transferred to the Australian Taxation Office (ATO).

An amount payable to a member of an eligible rollover fund is considered unclaimed super if it meets the following criteria:

- ↳ you have reached the eligibility age (65 years, or older if so prescribed by the superannuation fund's governing rules), and
- ↳ after a period of five years since our last contact with you, we have made a reasonable effort to contact you again and have not been able to locate you.

In addition, death benefit payments, temporary residents' payments and payments under \$200 may be treated as unclaimed monies and transferred to the ATO in some circumstances—see the ATO website ato.gov.au for more information.

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 2012. The only significant event for the financial year ended 30 June 2012 was the Temporary Flood and Cyclone Reconstruction Levy 2011/12, notice of which was included in the 2011 benefit statement.

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 Policy Statement, from the Privacy Officer.

Trustee Board

The trustee of the Aon ERF is Aon Superannuation Pty Limited. The trustee directors during the year were:

- Frank Argent—became non-executive trustee director on 30 March 2012
- Jennifer Dean—appointed as trustee director on 5 April 2012
- Stewart Fotheringham
- Steven Gaffney—resigned as trustee director on 5 April 2012
- Paul Mazoudier—Chairman and non-executive trustee director
- Mike Murphy
- Bruce Robertson—non-executive trustee director
- Janice Sengupta—appointed as trustee director on 5 April 2012

Our trustee board now has seven directors as well as greater diversity.

Non-executive trustee directors

Non-executive directors have no business dealings or affiliations that could pose a conflict of interest in their role as directors of Aon Superannuation Pty Limited.

The Board exercises a 'duty of care' on behalf of members of the Aon ERF and maintains their best interests in its decision-making and strategy process.

Complaints resolution

The trustee has an established procedure for dealing with member complaints about the operation and management of the Fund. Complaints should be made in writing to the Complaints Officer, Aon ERF, PO Box 1949, Wollongong NSW 2500. The trustee will consider and respond to your complaint within 90 days, but may take more than 90 days in the case of difficult or complicated complaints.

The trustee is obliged to advise you of the decision within 30 days of the decision being made. If you have made a complaint and you are dissatisfied with the decision of the trustee, you may have a right to lodge a complaint with the Superannuation Complaints Tribunal (SCT).

If the SCT accepts your complaint, it will try to help you and the trustee to reach a mutual agreement through conciliation.

For more information on this process, you can contact the SCT on **1300 884 114**, or in writing to Locked Bag 3060, Melbourne Vic 3001.

Compliance

The Aon ERF is administered at all times to comply with provisions contained in the Superannuation Industry (Supervision) Act 1993 and Regulations, the Corporations Act 2001 and Regulations, and other superannuation laws.

Various supervisory functions are carried out by the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission (ASIC) and/or the Australian Taxation Office (ATO).

No penalties have been imposed on the Aon ERF and/or the trustee for any kind of non-compliance during the 2011/12 year. The trustee is not aware of any matter that would cause the Aon ERF to lose its complying status, and expects to continue to comply with all relevant legislation.

DIRECTORY

Aon Eligible Rollover Fund

PO Box 1949
Wollongong NSW 2500
Phone 1300 880 588
Fax 1300 267 582
ABN 54 338 733 881

Administrator

Aon Hewitt Limited (with majority of administration services outsourced to Superannuation Administration Corporation — trading as Pillar Administration)
ABN 48 002 288 646
AFSL No 236667

Trustee

Aon Superannuation Pty Limited
ABN 83 057 982 822
AFSL No 237465

Privacy Officer

Aon Superannuation Pty Limited
GPO Box 534
Sydney NSW 2001

Investment managers

Russell Investment Management Ltd
ABN 53 068 338 974
AFSL No 247185

Vanguard Investments Australia Ltd
ABN 72 072 881 086
AFSL No 227263

Auditor

KPMG
ABN 51 194 660 183

Custodian services

BNP Paribas Funds Services Australasia Pty Ltd
ABN 71 002 655 674
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Contact us

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