

AON ELIGIBLE ROLLOVER FUND ANNUAL REPORT 2014

ABOUT THE AON ELIGIBLE ROLLOVER FUND

The Aon Eligible Rollover Fund (Aon ERF) is a public offer superannuation fund.

The sole purpose of the Aon ERF is to be a temporary repository for amounts transferred to the Fund from other regulated superannuation funds. These amounts are generally lost, inactive or small accounts.

The Aon ERF cannot accept any contributions. If you would like information about how to consolidate your superannuation and be able to make contributions, please contact us on 1300 880 588.

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 viewed on request to the trustee.

No penalties have been imposed on the Aon ERF or the trustee for non-compliance during the 2013/14 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 us](mailto:contactaon@pillar.com.au) at **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 investment aim of the Aon ERF is to reduce volatility of returns. This is achieved by investing predominantly in fixed interest and cash, with a moderate allocation in shares to enhance the potential for the Aon ERF 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

Effective from 1 July 2013, the specific investment objective for the Aon ERF is to achieve a return of at least 0.25% pa (after fees and taxes) above inflation over rolling three-year periods.

The risk rating of the Aon ERF investment is 2 (low) with an estimated number of negative annual returns (after fees and taxes) of 0.5 to less than 1 over any 20-year period

Asset allocation

Asset class	30 June 2013	30 June 2014
Cash	10.1%	10.0%
Australian fixed interest	36.0%	36.0%
International fixed interest	23.9%	24.0%
Australian shares	14.0%	14.9%
International shares	16.0%	15.1%

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 return (after tax, investment and management fees) for the year ended 30 June 2014 was 6.2%. 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
2014	6.2%
2013	5.5%
2012	3.0%
2011	1.3%
2010	3.8%
Compound average net crediting rate for five years to 30 June 2014	4.0% pa

Underlying investment managers

This table shows the investments and their percentage of Aon ERF assets at 30 June 2014.

Investment	Asset class	(\$)	% of Aon ERF assets
Russell Australian Cash Fund	Cash	7,014,319	10.0
Vanguard Australian Fixed Interest Index Fund	Fixed interest	25,379,138	36.1
Vanguard International Fixed Interest Index Fund (Hedged)	Fixed interest	16,879,636	24.0
Vanguard Australian Shares Index Fund	Shares	10,464,309	14.9
Vanguard International Shares Index Fund	Shares	7,399,222	10.5
Vanguard International Shares Index Fund (Hedged)	Shares	3,188,271	4.5

FINANCIAL SUMMARY

This is a summary of the Aon ERF's financial statements for the year ended 30 June 2014. The full audited financial statements and audit report are available. If you would like a copy please contact us.

Financial movement for the 2013/14 year (\$)	
Opening balance at 1 July 2013	73,868,665
Money received	
Net investment income	6,911,603
Contributions	244,512
Transfers and rollovers	3,549,401
Other	59
Total revenue	10,705,575
Money paid out	
Benefits paid	9,249,843
Administration costs	2,900,431
Professional fees	343,948
Surcharge tax	-
Income tax expense	204,939
Sundry expenses	17,780
Total expenses	12,716,941
Closing balance at 30 June 2014	71,857,299

Net assets at the end of the 2013/14 year (\$)	
Assets	
Investments	70,324,895
Cash	1,550,538
Other receivables	359,914
Total assets	72,235,347
Payments due (liabilities)	
Benefits payable	-
Fees payable	307,661
Other amounts payable	70,387
Provision for income tax	-
Total payments due (liabilities)	378,048
Net assets at 30 June 2014	71,857,299

CORPORATE GOVERNANCE

The trustee

The trustee of the Aon ERF, Aon Superannuation Pty Limited, holds an Australian Financial Services Licence (AFSL) and a Registrable Superannuation Entity Licence (RSE licence) issued by APRA. The trustee is also authorised by APRA to issue a MySuper product (see the [Aon Master Trust website](#)).

Through its board of directors, the trustee is responsible for the Aon ERF's strategic direction, compliance with legislation, regulations and superannuation prudential standards, as well as adherence to its trust deed and rules.

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.

Trustee board

The trustee directors during the year were:

- ↳ Frank Argent
- ↳ Steven Clarke (appointed to the board June 2014)
- ↳ Jennifer Dean
- ↳ Stewart Fotheringham (resigned from the board June 2014)
- ↳ Paul Mazoudier—independent director and chairman
- ↳ Michael Murphy
- ↳ Bruce Robertson—independent director
- ↳ Janice Sengupta

As Aon Superannuation Pty Limited does not employ any staff, all of the directors are 'non-executive' as defined in the superannuation prudential standards. Four of the directors are currently employed by Aon Hewitt and two directors meet the prudential standards' definition of 'independent'.

For profiles of each of the current directors, please go to [About us](#) at erf.aon.com.au

Governance framework

To align its strategic member focus and prudential compliance responsibilities, the trustee has established a governance framework that:

- ↳ is driven by its objectives and strategic intent
- ↳ guides the trustee's governance practices in respect of investment, insurance management and operations
- ↳ incorporates a board governance program and risk management framework, and
- ↳ defines the allocation of management responsibilities.

The trustee has also developed a number of policies to help the directors implement and manage this governance framework.

For more information on the trustee's governance framework and policies, go to [About us](#) at erf.aon.com.au

Sub-committees

The trustee has established Audit, Compliance and Risk Management, Investment and Operations sub-committees to assist with the running of the Aon ERF. Each sub-committee has its own charter outlining its responsibilities and delegated authorities.

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 2013/14 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.

Indemnity insurance

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

Trust deed changes 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 was amended on 1 November 2013 to insert a new clause stating that the sole purpose of the Aon ERF is to be a temporary repository for amounts transferred to the Fund from other regulated superannuation funds. There were no significant events affecting the Aon ERF during the financial year ended 30 June 2014.

Privacy Policy

Aon is committed to protecting your personal information in accordance with the Australian Privacy Principles under the Privacy Act 1988 (Cth). We collect, use and disclose personal information to offer, promote, provide, manage and administer the many financial services and products we and our group of companies are involved in, as set out in the Aon Privacy Notice. In order to do this, we may also share your information with other persons or entities who assist us in providing or promoting our services as set out in the Aon Privacy Notice. Further information about our privacy practices can be located in the [Aon Australia Group Privacy Policy Statement](#). You may also gain access to your personal information, or modify your privacy preferences, by contacting your Aon representative or our Privacy Officer through the means set out in the Aon Privacy Notice.

You can obtain a copy of the Privacy Policy or the Aon Group Privacy Policy Statement by writing to the Privacy Officer at Aon Superannuation Pty Limited, GPO Box 534, Sydney 2001 or by visiting our website.

Complaints resolution

The trustee has an established procedure for dealing with member complaints about the operation and management of the Aon ERF. 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.

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.

Note: The Government removed the requirement for member benefit protection from 1 July 2013 and the trustee has decided to cease protecting member benefits in the Aon ERF from 1 July 2015.

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).

The following are regarded as unclaimed super:

- ⊘ Accounts of members who have reached age 65 where:
 - the member is uncontactable, and
 - the account has been inactive for at least two years.
- ⊘ Lost super accounts that:
 - have a balance under \$2,000 and have been inactive for five years, or
 - have a balance under \$2,000 and the member is uncontactable, or
 - are unidentifiable and have been inactive for 12 months.

Death benefit payments and temporary residents' payments may also be regarded as unclaimed monies.

See the ATO website ato.gov.au for more information on unclaimed super.

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
AFSL No 241080

Contact us

Email contactaon@pillar.com.au
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