



# **AON ELIGIBLE ROLLOVER FUND ANNUAL REPORT 2017**

# 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 2016/17 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](mailto:contactaon@pillar.com.au).

This annual report has been prepared by Aon Hewitt Ltd ABN 48 002 288 646 AFSL 236667 as sponsor and administrator of the Aon Eligible Rollover Fund ABN 54 338 733 881 (Fund). The trustee of the Fund is Aon Superannuation Pty Limited ABN 83 057 982 822 AFSL 237465. The information contained in this report is general in nature and should not be relied on as advice (personal or otherwise) because your personal needs, objectives and financial situation have not been considered when preparing this information. Past performance should not be considered a guide to future performance. Before deciding whether a particular product is right for you, please consider the relevant Product Disclosure Statement or talk with your financial adviser.

# 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

The specific investment objective for the Aon ERF is to achieve a return of at least 0.25% pa above inflation (after fees and taxes) 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.

## Investments – asset allocation

Asset class	30 June 2017	30 June 2016
Cash	10.7%	10.5%
Australian fixed interest	34.3%	35.8%
International fixed interest	24.7%	25.3%
Australian shares	15.3%	14.3%
International shares	15.0%	14.1%

## 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 2017 was 2.8%. 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
2017	2.8% pa
2016	2.8% pa
2015	3.6% pa
2014	6.2% pa
2013	5.5% pa
Compound average net crediting rate for five years to 30 June 2017	4.2% pa

## Assets

This table shows the value of investments in unlisted unit trusts as a percentage of the Aon Eligible Rollover Fund's total assets as at 30 June 2017 (see the *Statement of financial position* on page 5). The table excludes assets held in cash and cash equivalents, and other assets.

Investment	Asset class	Value as at 30 June 2017	% of Aon ERF total assets as at 30 June 2017
Russell Australian Cash Fund	Cash	\$5,354,995	10.0
Vanguard Australian Fixed Interest Index Fund	Fixed interest	\$17,210,880	32.2
Vanguard International Fixed Interest Index Fund (Hedged)	Fixed interest	\$12,417,096	23.3
Vanguard Australian Shares Index Fund	Shares	\$7,706,773	14.4
Vanguard International Shares Index Fund	Shares	\$5,393,736	10.1
Vanguard International Shares Index Fund (Hedged)	Shares	\$2,167,040	4.1
<b>Total</b>		<b>\$50,250,520</b>	

# ABRIDGED FINANCIAL STATEMENTS

The abridged financial statements are a summary of the Aon Eligible Rollover Fund's audited financial statements for the years ended 30 June 2017 and 2016. The full audited accounts are available and you can contact us if you would like a copy.

A new accounting standard\* has changed the way that super funds must present, measure and disclose information in their financial statements. We have prepared our financial statements for the year ended 30 June 2017 and restated prior year figures in line with the new standard.

\* Australian Accounting Standards Board: AASB1056 Superannuation Entities

Statement of financial position	At 30 June 2017 \$	At 30 June 2016 \$
Unlisted unit trusts		
– Equity	15,267,549	16,517,034
– Fixed income	29,627,976	35,576,255
– Cash	5,354,995	6,088,043
Cash and cash equivalents	1,895,427	2,119,425
All other	1,247,110	1,423,526
<b>Total assets</b>	<b>53,393,057</b>	<b>61,724,283</b>
Expenses and other payables	233,856	258,544
Tax provisions	379,365	425,012
<b>Total liabilities</b>	<b>613,221</b>	<b>683,556</b>
<b>Net assets available for member benefits</b>	<b>52,779,836</b>	<b>61,040,727</b>
Member benefits	51,928,037	59,684,373
<b>Total member liabilities</b>	<b>51,928,037</b>	<b>59,684,373</b>
<b>Total net assets</b>	<b>851,799</b>	<b>1,356,354</b>
<b>Total equity</b>	<b>851,799</b>	<b>1,356,354</b>

Statement of changes in member benefits	Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
<b>Opening balance of member benefits</b>	<b>59,684,373</b>	<b>67,655,493</b>
Transfers and rollovers	3,688,641	4,097,701
Income tax on contributions	123,268	141,225
<b>Net after-tax contributions</b>	<b>3,811,909</b>	<b>4,238,926</b>
Benefits paid to members	(12,352,974)	(13,017,606)
Benefits allocated to members' accounts, comprising net investment income and administration fees	784,729	807,487
Other operating income	–	73
<b>Closing balance of member benefits</b>	<b>51,928,037</b>	<b>59,684,373</b>

Statement of changes in reserves	Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
<b>Opening balance of reserves</b>	<b>1,356,354</b>	<b>1,222,572</b>
Net transfers to/from reserves	–	–
Profit/(loss)	(504,555)	133,782
<b>Closing balance of reserves</b>	<b>851,799</b>	<b>1,356,354</b>

# CORPORATE GOVERNANCE

## The trustee

The trustee of the Aon ERF, Aon Superannuation Pty Limited, holds an Australian Financial Services Licence (AFSL No 237465) and a Registrable Superannuation Entity Licence (RSEL No L0000437) issued by APRA.

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:

- ↳ Trevor Allen—-independent director (resigned from the board in August 2016)
- ↳ Frank Argent
- ↳ Steven Clarke
- ↳ Giselle Collins—-independent director (appointed to the board in July 2016 and appointed chairman in February 2017)
- ↳ Helen Conway—-independent director and deputy chairman (resigned from the board in February 2017)
- ↳ Jennifer Dean
- ↳ Jim Humphrey—-independent director (appointed to the board in February 2017)
- ↳ Paul Mazoudier—-independent director and chairman (retired from the board in December 2016)
- ↳ Michael Murphy
- ↳ 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. Three of the directors are currently employed by Aon Hewitt Limited and two directors meet the prudential standards' definition of 'independent'.

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

## Sub-committees

The trustee has established Operational Risk and Compliance, Audit and Finance, and Investment 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 2016/17 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. There were no deed amendments or significant events during the financial year ended 30 June 2017.

## 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 Policy. 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 Policy.

## Trust documents

Your benefit statement and *Product Disclosure Statement* contain important information about your personal benefits and the Aon Eligible Rollover Fund. You are entitled to request further information including the trust deed and rules, the latest audited accounts and auditor's report, and risk management statements.

For copies of these documents, or if you want more information about your benefits, please contact us.

## 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 Enquiries Officer, Aon ERF, PO Box 1949, Wollongong NSW 2500. The trustee will consider and respond to your complaint within 90 days (final resolution may take longer than 90 days). The trustee will advise you of any 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

## 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 \$6,000<sup>†</sup> and have been inactive for five years, or
  - have a balance under \$6,000<sup>†</sup> 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](http://ato.gov.au) for more information on unclaimed super.

<sup>†</sup> The Government increased this threshold to \$6,000 from 31 December 2016.

# 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  
ABN 48 002 288 646  
AFSL No 236667  
with majority of administration services outsourced to:  
Mercer Administration Services (Australia) Pty Limited  
ABN 48 616 275 980  
AFSL No 245591

## **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](mailto:contactaon@pillar.com.au)  
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