

# ADVANCE

## RETIREMENT SUITE

PERSONAL SUPER • ALLOCATED PENSION • TERM ALLOCATED PENSION

**Advance Retirement Suite  
Annual Report 2008**

**ADVANCE**  
A member of the St. George Group  
INVESTIGATE

## **In this Annual Report:**

- 'Account' or 'Accounts' refers to either or all of the:  
Advance Super Account, Advance Allocated Pension Account,  
Advance Term Allocated Pension Account.
- 'Advance Retirement Suite' refers to all of the Accounts.
- 'Super Account' refers to the:  
Advance Super Account.
- 'Asgard', 'we', 'us' and 'our' are references to:  
Asgard Capital Management Ltd  
ABN 92 009 279 592  
AFSL 240695

## **Important information**

Asgard is the trustee of the Advance Retirement Suite Accounts and has issued this Annual Report. Offers to invest in the Accounts will be made in or accompanied by a copy of the Product Disclosure Statement (PDS) for the Account. The investment information or general advice contained in this Annual Report is of a general nature only. You should be aware that no account was taken of any investment or personal objectives, financial situation or needs of any particular person and because of that, a person should consider the appropriateness of the information or advice having regard to these factors.

In deciding whether to open, or continue to hold an Account you should consider the Advance Retirement Suite PDS issued by us. Copies can be obtained from your financial adviser or the Contact Centre.

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## Asgard and Advance

Advance Asset Management Limited (Advance) ABN 98 002 538 329 AFSL 240902 has entered into an agreement with us relating to the establishment and administration of the Advance Retirement Suite and, under this Agreement, Advance may ask us to retire as the trustee of the Advance Retirement Suite and we must do all things reasonably required by Advance to facilitate the appointment of a person nominated by Advance as our replacement. You will be notified if we are asked to retire as the trustee. When we retire, we will be released from any future obligations in relation to the Advance Retirement Suite and the replacement trustee will agree to take on all duties and obligations of the trustee.

Both Advance and Asgard are members of the Westpac Banking Corporation (“Westpac”) group of companies which includes Westpac and St.George Bank Limited (“St.George”). Unless otherwise disclosed in the offer document for the relevant financial product, a financial product or service issued or offered by Asgard or Advance is not a deposit with, investment in, or other liability of, Westpac or St.George, nor any other company within the Westpac Group. They are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any other company within the Westpac Group stands behind or otherwise guarantees the capital value or investment performance of any financial product or service issued or offered by or through Asgard or Advance.

## INTRODUCTION

We're pleased to present the Annual Report at 30 June 2008 for the Accounts. This report is issued in accordance with the Corporations Act 2001. It contains general information, providing details of the financial position and management of the Accounts.

The report also details how you can obtain additional information about your account. Any information that you may require (including the trust deed, financial statements and the auditor's report) is available on request from the Contact Centre.

Advance Contact Centre  
PO Box B87  
Perth WA 6838  
Telephone: 1800 819 935

## ABOUT ADVANCE

### Advanced thinking...

Advance is the funds management arm of St.George Bank. Since 1984, Advance has partnered with some of the smartest names in funds management – offering a distinct difference for clients through our unique suite of multi-manager and single manager investment solutions. These include single-sector and diversified investment funds, plus superannuation and retirement solutions.

Using a rigorous thinking approach, Advance hand picks top performing fund managers from the global markets, providing you with a focused selection of the best funds from leading fund managers.

Advance does the ground work so that when you invest, you can do it with peace of mind.

## ABOUT THE ACCOUNTS

All administrative, accounting, reporting and audit requirements of the investment are provided for investors through the Accounts.

We are responsible for the day-to-day management of these Accounts. Our duties include administering individual investor accounts, organising the payment of benefits, dealing with tax matters relating to your investments and providing you with regular, consolidated reports. When necessary, we will engage external experts, such as accountants and solicitors, to provide assistance.

We provide you with detailed information on the individual investment performance of your account, the overall market performance and individual exposure to asset classes within each investment portfolio in consolidated investor reports (issued half-yearly).

Other information may be available on request.

## INVESTMENT CHOICE

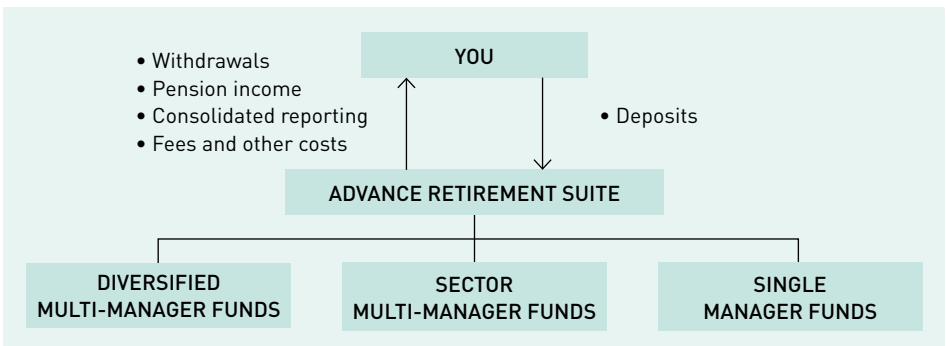
As an investor in the Advance Retirement Suite, you have access to a quality investment menu.

Together with your financial adviser, you can build an investment profile from these managed investment options that best suits your individual financial needs and objectives.

You also get investment flexibility. As your investment needs or objectives change, you can switch your investments at any time, quickly and easily.

The diagram below illustrates the types of investments available to you, including diversified and sector multi-manager options (known as multi-manager funds) and a range of discretionary investments (known as single manager funds). From these managed investment options, you and your financial adviser can build an investment profile to suit your individual needs.

### How Advance Retirement Suite works



Please note the managed investment options offered may change from time to time and without prior notice to you.

## INVESTOR *ONLINE*

Investor *Online* is fast and secure and gives you access to the information you need to know about your account such as account balances, investments held, transaction details, insurance details and asset allocation via the internet. Using your account number and Personal Identification Number (PIN), your account information is available in an easy-to-read format by logging on to [www.investoronline.info](http://www.investoronline.info)

## RECENT LEGISLATIVE CHANGES

### Terminal illness new condition of release of preserved benefits

Over the past 12 months, the Government has taken steps to introduce the tax-free treatment of superannuation lump sums paid to those suffering from a terminal illness. Having a terminal medical condition (as defined) has also been made a condition of release of preserved benefits. Previously, benefits could only be accessed under an existing condition of release (such as permanent incapacity) and were taxed accordingly.

Under the Regulations, a terminal medical condition will exist in relation to a person at a particular time if the following circumstances exist.

- (a) Two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness, or has incurred an injury, that is likely to result in the death of the person within a period (the certification period) that ends not more than 12 months after the date of the certification.
- (b) At least one of the registered medical practitioners is a specialist practicing in an area related to the illness or injury suffered by the person.
- (c) For each of the certificates, the certification period has not ended.

This means that payment of a lump sum benefit from your superannuation fund will be tax-free (ie not assessable income) if you can provide evidence that a terminal medical condition exists at the time the payment is made, or within 90 days from that date. (This may apply if your benefits are initially assessed on the grounds of permanent incapacity but you are diagnosed as having a terminal medical condition within 90 days of payment.)

### Same sex changes

Legislation has recently been passed by the Federal Parliament to remove discrimination against same sex partners and their children under superannuation law. The intent of the legislation is that same sex partners will be treated the same under superannuation law as married or de facto (opposite sex) couples. Children of same sex couples will also be treated in the same manner as children of married or de facto couples. The changes apply from the 2008-2009 income year.

### Changes to the administration of temporary residents superannuation

Under legislation, if you are a temporary resident in Australia your superannuation will become unclaimed and payable to the Commonwealth when you:

- no longer hold a temporary visa,
- have departed Australia and if at least six months has passed, and
- have not claimed your superannuation benefit.

Superannuation of:

- Australian citizens,
- New Zealand citizens,
- current holders of a permanent or temporary visa,
- those applying for permanent residency, and
- those holding retirement visas (405 or 410),

is not required to be paid to the Commonwealth and will therefore remain in their super fund.

Temporary residents who fail to claim their superannuation when they depart and have unclaimed superannuation paid to the Commonwealth, can later claim back their money at any time.

## **PRODUCT INFORMATION YOU SHOULD KNOW**

### **Our new insurance partnership with AIG Life Australia**

We are pleased to announce a new partnership arrangement with AIG Life Australia (American International Assurance Company (Australia) Limited), a leading insurance provider in the Australian marketplace.

#### **About AIG Life Australia**

AIG Life Australia is AIG's (American International Group, Inc) Australian life insurance business. AIG Life Australia is a locally incorporated and regulated company, ultimately owned by AIG which boasts one of the largest groups of life insurance organisations in Asia.

AIG Life Australia is the fourth largest Group Insurer in the Australian market<sup>1</sup>, currently insuring two million members. They are currently in a Group-arrangement partnership with 14 major financial service providers.

The company is well capitalised and has a Standard & Poor's credit rating of A+.

#### **No action required and no disruption of cover**

There is nothing that you need to do as part of the transition of cover from TOWER Australia (TOWER Australia Limited) to AIG Life Australia.

Any insurance you hold today through the Advance Personal Protection Package will transition from TOWER Australia to AIG Life Australia on 1 February 2009.

<sup>1</sup> Plan for Life Industry Report, year ended March 2008

More importantly, cover is continuous, which means there is no interruption to your existing cover and all terms and conditions remain the same. Until 31 January 2009, any requests for increase in cover or claims currently in process are still being assessed and processed as normal by TOWER Australia.

As an additional benefit, many investors will enjoy a premium rate reduction from 1 February 2009. The amount of the reduction on Life and Total & Permanent Disability (TPD) premiums may vary depending on age and gender, however the Salary Continuance (two year benefit period) premium rate will reduce by 25%.

## **Use of derivative financial instruments**

The Accounts are not directly exposed to, or involved in, the use of derivative financial instruments. The investment strategy of the Accounts is not to enter, hold or issue derivative financial instruments for trading purposes. However, the Advance managed investments available through the Accounts are permitted to invest in options, futures and other derivative contracts and use hedging to help protect the market value of their investments. This may have a positive or negative effect on the value of these investments.

The International Shares Multi-Blend Fund is partially hedged in Australian dollars. This Fund may also seek to add value by actively investing in currencies. As a result, the total currency position of this Fund may vary over time. For the Advance Australian Geared Equity Fund, derivatives are permitted to be used to leverage (or gear) the Fund as an alternative to borrowings. For further information, please refer to the PDS for the relevant managed investment.

## **Earnings paid to your account**

Earnings, in the form of capital growth, income distributions or dividends, received from your investments are credited to your account. Your investment earnings will depend on the performance of the investments you choose and the amount of money invested in each.

Gains and losses are reflected through changes in the value (unit price) of your investments. Dividend or distribution payments from your direct investments are credited to your account when received.

## **Closed accounts**

Under the trust deed, if an amount is received for a former member (with a closed account), the Trustee is able to determine that the member is not entitled to some or all, of that, amount. Accordingly, the Trustee has determined that former members will not be entitled to all amounts less than \$50 credited to their closed accounts and these amounts will be applied for the general benefit of all current members of the fund.

## Contributing to your super via the BPAY® payment facility

BPAY is a quick and easy way for you to make deposits directly into your account. All you need is your customer reference number and the relevant Biller Code.

Depending on what type of contribution you're making, there are different Biller Codes that apply when using BPAY (see table below).

Contribution type	Biller code
Personal deducted	66472
Personal undeducted	66480
Salary sacrifice	66456
Super guarantee	66449
Employer	66464
Spouse	68007

**Note:** by using a Biller Code to make a BPAY deposit, you acknowledge that you have received PDSs for the managed investments and cash products in your account and agree to receive PDSs (including information about significant events or matters affecting them) electronically via Investor *Online*. You can access these documents via the 'PDS' menu option on Investor *Online*.

© Registered to BPAY Pty Ltd ABN 69 079 137 518

## Refund of contributions tax through the anti-detriment provision

There are provisions within tax legislation that enable super funds, upon the death of a member, to increase the amount of a death benefit ETP to compensate for contributions tax paid on contributions.

It may be paid to the following eligible dependants as part of a death benefit ETP lump sum payment.

- Spouse (married or de facto)
- Child
- Financial Dependant

We've established a reserve to facilitate the making of these refunds. At 30 June 2008, the amount held in this reserve was \$151,712 (2007 – \$166,733). We manage the reserve by holding it in cash as the liquidity is needed to ensure refunds can readily be made on an ongoing basis. The refund of contributions tax doesn't apply if the ETP death benefit is paid as a pension.

## PROVIDING INFORMATION TO YOU ELECTRONICALLY

We're progressively increasing the range of reporting, transaction and product information that you can access electronically through Investor *Online*.

Through Investor *Online* you can access PDSs for the managed investments in your portfolio electronically. We will also provide you with the following information electronically.

- Notifications of any adverse changes and significant adverse events affecting your managed investments.
- Notice of any proposal to introduce new fees and/or other costs, or to increase current fees or costs, affecting your account. This includes notice of our intention to receive and retain, as an additional fee for its services, any rebate, fee, commission or other payment in relation to an investment in your account.
- This Annual Report.

We may also use Investor *Online* in the future to provide you with any information (including investor reports) which may be sent, given or made available to you under the trust deed or superannuation law.

You will of course also continue to have access to all of this information through your financial adviser and we may still choose to send some or all of this information to you. Additionally, unless you have previously agreed to receive this information and other notifications electronically, you can ask us to send the required information to you in paper form free of charge, by contacting us in advance and placing yourself on our paper distribution list.

You can access Investor *Online* at [www.investoronline.info](http://www.investoronline.info). If you have forgotten your Investor *Online* PIN, or have any other queries regarding Investor *Online*, email [investoronline@asgardwealthsolutions.com.au](mailto:investoronline@asgardwealthsolutions.com.au)

## ELIGIBLE ROLLOVER FUND – SUPER ACCOUNTS ONLY

The Advance Retirement Savings Account (Advance RSA) RSE R1005561 is our nominated Eligible Rollover Fund. We are also the trustee of this fund. Both Asgard and Advance are wholly owned subsidiaries of St. George Bank Limited which in turn is a member of the Westpac Group. We may transfer your benefits to this fund if:

- the value of your account is less than \$2,000\*,
- we have written to you twice and both times the mail has been returned unclaimed, or
- it is otherwise permitted by superannuation law.

\* We may vary the minimum transfer amounts at any time. We may do this for individual members or groups of members at our discretion (with or without notice).

On transferring to the Advance RSA, your rights in the Advance Retirement Suite will cease and you will no longer be able to make contributions to your account. Instead, you will become a member of the Advance RSA and are subject to its governing rules. You will receive a PDS for the Advance RSA setting out relevant information shortly after the time that your benefits are transferred.

It is important to note the following are some of the conditions that will alter from the Advance account you previously held.

- You will no longer receive regular reports in respect of your Advance Retirement Suite account.
- Any insurance cover you may have held through your Advance Retirement Suite account will cease.
- A different fee structure will apply.
- Holding an interest in the Advance RSA may result in different risks and returns to those applicable in your current investments.

For further information contact:

The Advance Retirement Savings Account  
GPO Box B87, Perth WA 6838  
Telephone: 1800 819 935

## PROFESSIONAL INDEMNITY INSURANCE

We're currently covered by professional indemnity insurance policies issued by American Home Assurance Company ARBN 007 483 267 ABN 67 007 483 267 AFSL 230903 and other insurers.

## ENQUIRIES AND COMPLAINTS

Further financial information, including information about fees and charges and other effects arising from a rollover or transfer of your benefit entitlements not contained in this Annual Report, is available on request.

If you have any enquiries or complaints about the operation or management of one of the Accounts, please contact the Contact Centre on:

Advance Contact Centre  
PO Box B87  
Perth WA 6838  
Telephone: 1800 819 935  
[investorservices@advance.com.au](mailto:investorservices@advance.com.au)

If you've made a complaint to us about a decision which affects you, and your complaint has not been resolved to your satisfaction, you may have a right to lodge a complaint about the decision with the Superannuation Complaints Tribunal.

The Tribunal is a body established by the Commonwealth Government to review trustee decisions relating to members (as opposed to trustee decisions relating to the management of the fund as a whole). You can contact the Superannuation Complaints Tribunal on 1300 780 808.

# FINANCIAL REPORT

## The Advance Retirement Suite

Superannuation legislation allows us to provide you with abridged financial statements relating to the Accounts in this Annual Report. A copy of the full audited financial statements for these Accounts for the financial year ended 30 June 2008 is available from us on request.

## ABRIDGED FINANCIAL INFORMATION

### Statement of financial position as at 30 June 2008

	The Advance Retirement Suite – Super		The Advance Retirement Suite – Pension	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Assets</b>				
Investments	400,247	503,069	70,912	88,086
Cash	1,490	1,310	81	108
Receivables	560	868	280	366
Current tax receivable	328	–	–	–
Deferred tax assets	5,672	5	–	–
<b>Total assets</b>	<b>408,297</b>	<b>505,252</b>	<b>71,273</b>	<b>88,560</b>
<b>Liabilities</b>				
Payables	908	542	10	30
Current tax liabilities	–	5,023	–	–
Deferred tax liabilities	–	3,396	–	–
<b>Total liabilities</b>	<b>908</b>	<b>8,961</b>	<b>10</b>	<b>30</b>
<b>Net assets available to pay benefits</b>	<b>407,389</b>	<b>496,291</b>	<b>71,263</b>	<b>88,530</b>
<b>Represented by</b>				
Liability for accrued benefits				
– Allocated to members' accounts	401,717	496,291	71,263	88,530
– Unallocated to members' accounts	5,672	–	–	–
<b>Total liabilities for accrued benefits</b>	<b>407,389</b>	<b>496,291</b>	<b>71,263</b>	<b>88,530</b>

Operating statement for the year ended 30 June 2008

	The Advance Retirement Suite – Super		The Advance Retirement Suite – Pension	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Investment revenue	(42,333)	68,562	(5,857)	10,846
Contribution income	21,271	30,841	5,273	2,198
Other income	58	63	-	-
<b>Total revenue from ordinary items</b>	<b>(21,004)</b>	<b>99,466</b>	<b>(584)</b>	<b>13,044</b>
<b>Less: Expenses</b>	<b>1,380</b>	<b>1,658</b>	<b>99</b>	<b>92</b>
Benefits accrued as a result of operations before income tax	(22,384)	97,808	(683)	12,952
Less: Income tax expense/(benefit) attributable to benefits accrued as a result of operations	(4,644)	9,724	(236)	(349)
<b>Benefits accrued as a result of operations</b>	<b>(17,740)</b>	<b>88,084</b>	<b>(447)</b>	<b>13,301</b>

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## **Contact details**

### **Advance Contact Centre**

PO Box B87

Perth WA 6838

### **Telephone**

1800 819 935

### **Email address**

[investorservices@advance.com.au](mailto:investorservices@advance.com.au)

### **Internet address**

[advance.com.au](http://advance.com.au)