

# Advance Pooled Superannuation Trust

Annual Report for the year ended 30 June 2011



**ADVANCE**

### **In this Annual Report**

- 'Advance' means Advance Asset Management Limited (Advance) ABN 98 002 538 329, AFSL 240902.
- 'Advance PST' is a reference to the Advance Pooled Superannuation Trust Fund ABN 90 375 736 015.
- '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 PST and has issued this Annual Report.

The investment information or general advice provided in this publication doesn't take into account your personal objectives, financial situation or needs and because of that you should consider the appropriateness of the information or advice having regard to these factors. Before deciding whether to open or to continue to hold a financial product issued by us, you should obtain and consider the Product Disclosure Statement (PDS) for that product, available from us or your financial adviser.

### **Asgard and Advance**

Advance has entered into an Agreement with us relating to the establishment and administration of the Advance PST and under this Agreement, Advance may ask us to retire as the trustee of the Advance PST and we must do all things reasonably required by Advance to facilitate the appointment of a person nominated by Advance as our replacement. You'll be notified if we're asked to retire as the trustee. When we retire, we'll be released from any future obligations in relation to the Advance PST and the replacement trustee will agree to take on all duties and obligations of the trustee.

Under the Agreement with Advance, subject to superannuation law, any changes to the investment strategy or objectives of the Advance PST (apart from a small cash holding, each Portfolio is currently invested into a single underlying Advance investment fund) can only be made on the recommendation, and with the agreement, of Advance.

Advance and Asgard are subsidiaries of Westpac Banking Corporation (Westpac) ABN 33 007 457 141. An investment in the Advance PST is not a deposit with, investment in, or other liability of Westpac or any other company within the Westpac Group. It's 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 the Advance PST.

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# Advance Pooled Superannuation Trust

For the year ended 30 June 2011

## About Advance

### Advanced thinking...

Advance offers a wide choice of quality investments and the security of ongoing monitoring and analysis. The Advance investment team provides in-depth analysis of the underlying investment funds and the managers behind them, with the aim of offering quality risk management and access to some of the world's best investment managers.

## How your money is invested

The Advance PST offers two actively managed portfolios – the Australian Shares Portfolio and the International Sharemarket Portfolio. The Australian Shares Portfolio invests in the Advance Sharemarket Fund and the International Sharemarket Portfolio invests in the Advance International Shares Multi-Blend Fund. Advance is the responsible entity of both these Funds.

For further information about the Portfolios, see the 'Portfolios at a Glance' table on pages 5 and 6.

### Do the Portfolios use hedging?

We're permitted to utilise currency hedging to help protect the market value of the investments of the relevant Portfolios against the volatility associated with foreign currency.

Generally, we don't expect to need to hedge either of the Portfolios, as they're invested in Advance investment funds. However, Advance may choose to use hedging in its investment funds. This may have a positive or negative effect on the value of your investment in the Advance PST. The International Shares Multi-Blend Fund may seek to add value by actively investing in currencies, but it isn't hedged in Australian dollars. As a result, the total currency position of the Fund may vary over time.

### Do the Portfolios use derivatives?

We're permitted to invest in options, futures and other derivative contracts in addition to hedging.

Generally, we don't expect to use derivatives to help protect the Portfolios against possible changes in the market value of investments, as they're invested into Advance investment funds. However, Advance may choose to use derivatives in its investment funds. Losses, as well as gains, are possible on derivatives contracts. Advance doesn't use derivatives to leverage (gear) the Portfolios.

### Changes to the Portfolios/funds

We may establish a new Portfolio, or close an existing Portfolio, at any time. We may also review and change the investment strategy or objectives of a Portfolio and the Advance PST as a whole. However, under the Agreement we have with Advance, subject to superannuation law, any changes to the investment strategy or objectives of a Portfolio or the Advance PST can only be made on the recommendation, and with the agreement, of Advance.

In the event of any material change or significant event in relation to the Portfolios and/or their investment strategy and objectives, we'll notify you within three months from when we make the change or the event occurs. If the change or the event is not considered adverse, we'll notify you of the change or event within 12 months. If the change is an increase in fees or charges, we'll give you 30 days' notice in advance of the change taking effect.

Please refer to [advance.com.au](http://advance.com.au) for current information and updates.

## Portfolios at a glance

Australian Shares Portfolio			
Objective	To provide long-term capital growth from a diversified portfolio of Australian Shares. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the S&P/ASX 200 Accumulation Index over periods of five years or longer.		
Strategy	To invest directly or indirectly in a wide range of Australian shares, listed or expected to be listed, on the Australian Securities Exchange.		
Investment management	This Portfolio is currently invested into the Advance Sharemarket Fund, which is managed by Maple-Brown Abbott		
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2011 (%)	Asset mix at 30 June 2010 (%)	Strategic range (%)
Australian Shares	98.1	97.1	95–100
Cash	1.9	2.9	0–5

International Sharemarket Portfolio			
Objective	To provide long-term capital growth from a diversified portfolio of global shares and currencies. The Fund aims to provide investors with a total investment return (before fees and taxes) that outperforms the MSCI World ex Aust Accumulation Index in Australian dollars over periods of five years or longer.		
Strategy	To invest directly or indirectly in a wide range of global shares listed, or expected to be listed, on world stock exchanges, including emerging markets and across a diverse range of industries. The Fund seeks to add value by actively investing in currencies.		
Investment management	This Portfolio is currently invested into the Advance International Shares Multi-Blend Fund, which is managed by: <ul style="list-style-type: none"> <li>• AQR Capital Management</li> <li>• Lazard Asset Management</li> <li>• Massachusetts Financial Services</li> <li>• Mellon Capital Management Corporation</li> <li>• Overlay Asset Management</li> <li>• Schroders Investment Management Australia Limited</li> <li>• Tradewinds Global Investors, LLC</li> <li>• Trilogy Global Advisors LLC</li> </ul>		
Investment timeframe	5 years +		
Sector	Asset mix at 30 June 2011 (%)	Asset mix at 30 June 2010 (%)	Strategic range (%)
International Shares	96.9	99.9	95–100
Cash	3.1	0.1	0–5

# Advance Pooled Superannuation Trust

For the year ended 30 June 2011

## Performance information

Performance figures are calculated in accordance with the Financial Services Council (FSC) standards.

Total returns are calculated:

- using withdrawal prices appropriate for the month end
- taking into account management costs of the relevant Investment Option.

Certain other fees such as contribution fees or withdrawal fees (if any) aren't taken into account.

The latest performance information and more about how performance is calculated is available on [advance.com.au](http://advance.com.au). Investment returns are historical. They can go up and down and past performance isn't a reliable indicator of future performance. Future performance is not guaranteed.

### ONE YEAR RETURNS TO 30 JUNE

	Australian Shares Portfolio (%)	International Sharemarket Portfolio (%)
2007	25.04	11.35
2008	-13.06	-16.50
2009	-12.33	-23.34
2010	13.02	19.25
2011	7.21	2.53

## Understanding the risks of investing

No matter which Investment Option you choose to invest in, there will always be some level of investment risk. The variability of returns is known as investment risk. Generally, the higher level of risk you are prepared to accept, the higher the potential returns, or losses.

Risk can be managed and even minimised, but not eliminated and there's always a chance you may lose money on any investments you make. You should be aware of these risks when investing and understand that not all risks are foreseeable. Some common types of risks are outlined in the table on Page 7.

## Professional indemnity insurance

As trustee of the Advance PST, Asgard is responsible for the day-to-day administration and ensuring it complies with all relevant laws and the provisions of the trust deed. To cover any potential liabilities, Asgard has taken out professional indemnity insurance.

## Keeping you informed

Each year you'll receive the following information about your account.

- A half-yearly statement, detailing all transactions during the period, returns on your investment and any fees and charges deducted.
- This Annual Report updating you on the performance and financial position of the Advance PST.

If you'd like to know more about how the Advance PST operates, please contact us for a free copy of:

- the trust deed
- the auditor's report and most recent audited accounts.

You can access information about Advance and the products Advance offers on [advance.com.au](http://advance.com.au) or by calling the Contact Centre on 1800 819 935.

## Product Disclosure Statements

Your account may have had a number of enhancements made to it over the years. The latest version of the Product Disclosure Statement will explain how your account currently works, and the features and benefits available to you. If you don't have a copy of the Product Disclosure Statement, or can no longer find your copy, you can download the latest copy online. Simply log in to *Investor Online* and select the 'PDSs' link on the left hand side of the screen. Alternatively, call the Contact Centre to receive a copy by mail.

## Electronic access

You have access to an electronic information service which allows you to check your account details quickly and easily 24 hours a day, subject to systems availability.

*Investor Online* is an internet service that gives you access to your account details, as well as other current information. You can access *Investor Online* from [www.investoronline.info](http://www.investoronline.info) or please go to [advance.com.au](http://advance.com.au)

## Investment risks

Some common types of investment risks are outlined in the table below.

Risk type	Description of risk
Market risk	Markets are subject to a host of factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues. Market risk may have different impacts on each investment and investment style in that market at different times.
Security specific risk	An investment in a company may be affected by unexpected changes in that company's operations (such as changes in management or loss of a big customer) and business environment.
International investments risk	Investing internationally is one of the major asset classes and will give exposure to different or potentially greater risks that are not associated with investing in Australia. International investments may be more affected by political and economic uncertainties, lower regulatory supervision, movements in foreign currency and interest rates, and more volatile, less liquid markets.
Currency risk	For investments in international assets, a rise in the Australian dollar relative to other currencies, may negatively impact investment values and returns.
Interest rate risk	Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may affect a company's cost of borrowings as well as the value of fixed interest securities.
Credit risk	Credit risk refers to a risk of loss arising from the failure of a borrower or other party to a contract to meet its obligations. This may arise in securities such as derivatives, fixed interest securities and mortgage securities.
Liquidity risk	This is the risk that an investment may not be easily converted into cash with little or no loss of capital and minimum delay because of either inadequate market depth or disruptions in the market place. Securities of small companies in particular may, from time-to-time, and especially in falling markets, become less liquid.
Derivative risk	The value of derivatives is linked to the value of the underlying assets and can be highly volatile. Potential gains and losses from derivative transactions can be substantial.

# Advance Pooled Superannuation Trust

For the year ended 30 June 2011

## Enquiries or complaints

We're committed to providing quality service to our investors. If you have any enquiries or complaints about your investment in the Advance PST please let us know.

**Telephone**

1800 819 935

**Fax**

08 9481 4318

**Email**

investorservices@advance.com.au

**Mail**

Advance Contact Centre  
GPO Box B87  
Perth WA 6838

We'll advise you if there is a charge for any information requested.

We'll acknowledge any complaint in writing within five business days and respond in writing within 45 days. If you're not satisfied with our actions, you can contact our Complaints Officer on the above number or address.

If a complaint hasn't been resolved within 45 days or you're not satisfied with the decision, you may contact the Superannuation Complaints Tribunal (SCT) – an independent complaints resolution scheme whose decisions are binding on us.

The contact details for the SCT are:

Superannuation Complaints Tribunal  
Locked Bag 3060  
GPO Melbourne VIC 3001  
Telephone 1300 884 114

# Advance Pooled Superannuation Trust

For the year ended 30 June 2011

## Financial information for the PST

The following abridged financial information is based on the audited financial statements for the Advance PST for the period 1 July 2010 to 30 June 2011. You can request a full set of these financial statements and auditor's report at any time.

## Abridged financial information

Balance sheet as at 30 June 2011		
	2011	2010
<b>Assets</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	809	1,164
Accrued income	1,108	—
Receivables	148	163
Financial assets held at fair value through profit or loss:		
Australian Shares Fund	158,992	167,996
International Sharemarket Fund	2,233	2,765
Tax refund due	1,129	776
<b>Total assets</b>	<b>164,419</b>	<b>172,864</b>
<b>Liabilities</b>		
Payables	109	127
<b>Total liabilities</b>	<b>109</b>	<b>127</b>
<b>Net assets attributable to unitholders – liability</b>	<b>164,310</b>	<b>172,737</b>

Income statement for the year ended 30 June 2011		
	2011	2010
<b>Investment income</b>		
Interest income	37	73
Distributions from unit trusts	4,960	3,680
Net gains/(losses) on financial instruments held at fair value through profit or loss	4,655	14,181
Net trustee's fee rebates	1,937	2,048
<b>Total net investment income/(loss)</b>	<b>11,589</b>	<b>19,982</b>
<b>Expenses</b>		
Other operating expenses	4	—
<b>Total operating expenses</b>	<b>4</b>	<b>—</b>
<b>Operating profit/(loss) before income tax</b>	<b>11,585</b>	<b>19,982</b>
Income tax expense/(revenue)	(1,129)	(629)
<b>Operating profit/(loss) after income tax</b>	<b>12,714</b>	<b>20,611</b>
<b>Finance costs attributable to unitholders</b>		
Increase/(decrease) in net assets attributable to unitholders	(12,714)	(20,611)
Profit/(loss) for the year	—	—
Other comprehensive income	—	—
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>

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## Advance contact details

Advance Asset Management  
GPO Box B87  
Perth WA 6838

t: 1800 819 935

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

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

## Trustee's address

Asgard Capital Management Limited  
Level 20 275 Kent Street  
Sydney NSW 2000

**ADVANCE**