



# Norwich Union Pensioner's Network Account-based Pension

**Annual Report 2008/09**



## Disclaimer

The Trustee has made every attempt to ensure the accuracy of the information included in this Annual Report and the 2008/09 Statement of Account. However, some of the underlying information can change quickly and members should be aware their data may also change. In addition, the Trustee has in some cases, relied on information provided by third parties and the Trustee does not accept responsibility as to the accuracy and completeness of this information provided from another source.

The Trustee excludes, to the maximum extent permitted by law, any liability which may arise as a result of the contents, including but not limited to any errors or omissions.

The Annual Report does not constitute a recommendation or financial advice. The Annual Report has not been prepared to take into account the particular investment objectives, financial situation and particular needs of any particular person. Before acting on any information contained in the Annual Report a member or prospective member needs to consider, with or without the assistance of a professional adviser whether the product is appropriate in light of their particular investment needs, objectives and financial circumstances.



1300 4 AVIVA (1300 4 28482)  
between 8.30am and 6.00pm  
Melbourne time



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# Contents

<b>About Aviva</b>	<b>2</b>
<b>Investment information</b>	<b>3</b>
Important investment information about your investment.	
<b>Investment performance</b>	<b>8</b>
Outlines the investment objective, asset allocation and investment performance of the investment funds offered.	
<b>Fees and charges</b>	<b>16</b>
The fees and charges that generally apply to your plan are fully described.	
<b>Taxation</b>	<b>18</b>
Taxation matters affecting your investment.	
<b>Further information</b>	<b>20</b>
Other things you should know.	

Your investment forms part of the Norwich Union Superannuation Trust ('NUST' or 'the Fund') ABN 31 919 182 354.

The Trustee is NULIS Nominees (Australia) Limited ('the Trustee') ABN 80 008 515 633, Australian Financial Services Licence Number ('AFSL No.:') 236465.

The Administrator for the Norwich Union Pensioner's Network Account-based Pension is Norwich Union Life Australia Limited ('NULAL' or 'the Administrator') ABN 34 006 783 295 AFSL No. 241686.

The Trustee and the Administrator are part of the Aviva Australia group (also referred to as 'Aviva' and 'Aviva Australia'). Aviva Australia is currently in the process of being sold by its parent, Aviva plc Group, to the National Australia Bank group ('NAB'). The sale has received regulatory approval and is expected to be complete by 1 October 2009. Following completion of the sale, Aviva Australia will be owned by NAB and the Aviva name will be used under licence from the Aviva plc Group.

Further details about the sale will be made available at [aviva.com.au](http://aviva.com.au).

## Section one

# About Aviva

### **Aviva – helping you to grow your investment portfolio**

Aviva Australia has over 150 years of continuous operation in Australia. Today our main activities are life insurance, investments and superannuation. Our funds under administration and management are \$17.1 billion as at 30 June 2009.

Aviva Australia has a reputation for high quality service and highly rated products.

### **Your Annual Report for 2008/09**

This Annual Report is designed to provide all the information you need to know about your investment and performance for the period 1 July 2008 to 30 June 2009.

You should read this report in conjunction with your Annual Statement for information on your individual investment.

If you have any enquiries about your investment including current details of investment strategies, contribution options or insurance cover please call Client Services on 1300 428 482.

## Section two

# Investment information

### Important information about your investment.

The range of investment choices available provides you with the opportunity to tailor your future financial needs your way. With a range of both diversified and sector investment funds to choose from, there are choices likely to suit everyone from the very conservative to the very aggressive investor.

You have the choice of selecting from a single investment fund or a combination of funds available to suit your financial needs.

The diversified funds allow our investment management team to spread your investment across a diverse range of asset classes. Sector funds give you access to both domestic and international financial markets in specific investment classes or 'sectors'.

The Trustee invests wholly in life policies issued by NULAL. The assets for each of the investment funds offered for these products are managed by Aviva Investors Australia Limited in accordance with the investment strategies set by the Trustee.

For the 2008/09 financial year members were given a choice of investment strategies. Those strategies were:

- Capital Guaranteed
- Capital Stable
- Balanced
- Growth
- Cash
- Australian Fixed Interest

- Listed Property Trusts
- Australian Shares
- International Shares
- Industrials
- Mortgage

### Choosing your investment funds

You can set your own investment goals and then choose the most appropriate investment fund, or combination of investment funds, for your superannuation investment.

A combination of investment funds can be chosen by allocating a percentage of each investment contribution to the selected investment fund.

When you are choosing your investment funds there are a variety of issues to consider. Some of these include:

- your attitude to risk
- the prevailing economic conditions
- your age
- how long until you retire
- the current preservation requirements, and
- legislative changes

Of course your goals may change and the appropriate investment funds selected can be changed accordingly.

We recommend that you review your investment goals, in consultation with your financial adviser, at least once a year to ensure the selected investment funds are still appropriate.

## Risk profile of the investment funds

The relationship between the amount of risk that you are willing to take and the potential return on your investment is known as your 'risk profile'. In general, investment funds that earn high returns, such as Growth, carry the highest risk. Not only can the rate of return fluctuate, but the value of your capital can rise or fall. For investment funds that generally earn lower returns, such as Capital Stable, the capital value is less likely to fluctuate.

Diversification (spreading your investments across a number of asset classes) can help to reduce the overall risk of your portfolio.

## Investment guarantees

Two investment funds offer guarantees. NULAL is responsible for meeting these guarantees.

### The Capital Guaranteed Fund

This guarantees the return of both capital and declared interest (once allocated), net of switches, withdrawals, pension payments, fees and tax (if applicable).

### The Cash Fund

This offers a guarantee ensuring that the unit price used for withdrawals, switches or pension payments from the Cash Fund will always be the highest price achieved during the term of that investment.

As mentioned previously, there is a relationship between the amount of risk associated with an investment and the potential return on that investment.

A capital guaranteed or cash fund generally provides a lower risk investment and therefore, tends to receive a lower but steady rate of return.

Lower returns mean that over time your benefit may grow at a slower rate than benefits invested in other investment options, which offer higher returns for higher risk. However, it also means that the capital value of your investment is less likely to fluctuate.

You may wish to compare the rates of return achieved by other investment options with your guaranteed investment. You should bear in mind that a capital guaranteed or cash investment offers greater protection for your invested capital while maintaining a steady rate of growth.

## Capital Protection (also known as Deferred Guarantee)

Other investment options carry no investment guarantee unless you had selected the Capital Protection option. Under this option, NULAL undertakes that after expiry of a deferred period, and upon full withdrawal or full switch from the investment option, the amount available will not be less than the protected amount in the investment option when the deferred period commenced.

The protected amount will be equal to:

- the gross investment in the investment option (less tax if applicable), if the option was selected at the time of the initial investment; or
- the account balance of the investment option (less tax if applicable) at the time you choose the capital protection option, if the option was selected at any other time.

Each partial withdrawal, pension payment or switch from an investment option with Capital Protection will reduce the previous amount protected on a proportional basis. The Capital Protection fee is a percentage per annum of the amount you have invested in the relevant option and applies to the individual investment option, not the policy as a whole. It protects all amounts in that investment option. The Capital Protection option is now closed. Please refer to page 17 for important information in relation to Capital Protection (Deferred Guarantee).

The deferred period for existing Capital Protection investment funds is listed below:

Funds	Deferred Period <sup>1,3</sup> (Years)	Deferred Period <sup>2,3</sup> (Years)
Capital Stable	3 years	3 years
Balanced	4 years	4 years
Growth	5 years	5 years
Australian Fixed Interest	3 years	3 years
Australian Shares	7 years	9 years
International Shares	7 years	9 years
Listed Property Trusts	7 years	9 years

1. For Capital Protection turned on up to 31 October 2001.
2. For Capital Protection turned on after 31 October 2001.
3. Deferred periods may vary for policies issued under different dates. Refer to your Fund Information or Customer Information Brochure for full details of Capital Protection.

Generally, from 1 October 2004, you were no longer able to turn on, re-lock or switch into capital protection in respect to the following funds:

- Australian Shares Fund
- International Shares Fund
- Listed Property Trust, and
- Industrials Fund.

As from 1 December 2008, all remaining capital protection investment options were closed to new investments, re-locking and switching including the following funds:

- Capital Stable Fund
- Balanced Fund
- Growth Fund, and
- Australian Fixed Interest Fund.

## How your benefits are calculated

### Account balance

This depends on your investment options:

#### Capital Guaranteed Fund

Benefits paid are determined by the account balance at the date of withdrawal, including any interim interest earned from the last interest rate declarations, less fees and taxes where applicable. Interim interest is calculated on the daily account balance. On partial withdrawal, interim rates do not apply. If you make a partial withdrawal between declarations, the last declared rate will apply to the daily account balance, adjusted for withdrawals, additions, pension payments, fees and tax.

#### Other investment options

This is determined by the number of units withdrawn multiplied by the unit price at the date of withdrawal, less fees and taxes where applicable.

If Capital Protection has been selected, NULAL undertakes that after expiry of a deferred period, and upon full withdrawal or full switch from the investment option, the amount available will not be less than the protected amount in the investment option when the deferred period commenced, adjusted for any earlier partial withdrawals, pension payments and switches.

### Pension payments

On starting your Account-based Pension, and at 1 July each year, you have the flexibility to specify the level of Account-based Pension you wish to receive subject to the minimum limit prescribed by the Government. Generally, the limit equals your account balance multiplied by the percentage factor (see below), which is based on your age at the start of your pension and then on each 1 July. The minimum limit is rounded up to the nearest \$10.

## Minimum account-based pension percentages

Age at 1 July	% until 30 June 2008	% for 2008/09 & 2009/10 financial years	% from 1 July 2010
under 65	4%	2%	4%
65 to 74	5%	2.5%	5%
75 to 79	6%	3%	6%
80 to 84	7%	3.5%	7%
85 to 89	9%	4.5%	9%
90 to 94	11%	5.5%	11%
95 or more	14%	7%	14%

If you start your Account-based Pension in June, no pension payment is required to be made until the following financial year (similar provisions apply to any new pension you may start).

**The government amended the relevant regulations setting these minimums, for the 2008/09 and 2009/10 financial years, to reduce the previous minimums by 50% so that underlying investment assets would not be unnecessarily realised at depressed market prices. It is not known whether the government will revise percentages to apply for financial years after 30 June 2010.**

Growth pensions (term allocated pensions) commenced before 20 September 2007 will retain their full or partial Social Security asset test exemption. The method for calculating annual pension payments has not changed. Growth Pensions commenced after 20 September 2007 are not eligible for any asset test exemption.

Pensions started up under the transition to retirement rules will have a maximum annual pension level of 10%, until a full condition of release is met.

## How your investment returns are calculated

### Unit Prices

Each investment fund (other than the Capital Guaranteed Fund) has its own unit price. Unit prices are calculated daily by NULAL on the following basis.

The assets of each investment fund are valued each Melbourne working day (or at a greater frequency if considered appropriate). Assets are valued as follows:

- listed shares at the latest sale price quoted on the Australian Stock Exchange (or other exchange as appropriate)
- fixed interest securities at market value
- other assets on the appropriate basis at the time

The value of the investment fund is adjusted to take into account:

- any liabilities of the fund
- tax which may be payable including tax on unrealised capital gains
- the management fee, and
- the Capital Protection fee, if applicable.

The unit price is the value of the investment fund determined above divided by the number of units in the investment fund. The value of units may rise and fall. In exceptional circumstances the Trustee may be unable to calculate daily unit prices for one or more of the available investment options, or may decide that it is in the best interests of members not to do so. Switching, redemption and investment requests will not be processed while the Trustee has suspended calculation of the unit price for that option. NULAL reserves the right to withhold the declaration of daily unit prices in exceptional circumstances.

### Interest rate on the Capital Guaranteed Fund

For the Capital Guaranteed Fund, interest is declared twice a year, on 30 June and 31 December. NULAL may, in the future, elect to

change the frequency at which it declares interest rates. The method of calculating the declared rate for the Capital Guaranteed Fund is as follows:

- Firstly, the gross investment earnings are determined, including investment income, realised and unrealised gains and losses received over the declaration period.
- Deductions are made from the gross investment earning rate for fund earnings tax (including deferred taxation on unrealised capital gains or losses, if applicable) and the management fee, to determine the net investment earning rate.

At the time of declaring a rate NULAL will have regard to the following issues:

- The net investment earning rate over the declaration period,
- The size of the Interest Equalisation Reserve (see below) at the declaration date, and
- The likely future economic outlook and the likely investment earning rate.

### **Interim interest rate**

If a full withdrawal or full switch is made, interim interest is credited for the period between the last declaration date and the date of withdrawal. When setting the interim rate NULAL will have regard to similar issues to those considered when setting the declared rate (as set out above).

Interim rates are not guaranteed and may be changed at any time without prior notice.

The new interim rate will apply from the last declaration date.

### **Interest Equalisation Reserve**

Investment earnings can be volatile. In order to produce smoother declared rates, an amount will be paid into an Interest Equalisation Reserve when the net investment earning rate exceeds the declared earning rate. Conversely, an amount will be taken out of the Interest Equalisation Reserve when the net investment earning rate is below the declared earning rate. The Interest Equalisation Reserve is maintained such that all the net investment earnings of Capital Guaranteed policyholders' assets are attributable, over time,

to continuing Capital Guaranteed policyholders. The Australian Prudential Regulation Authority ('APRA') has prescribed industry limits on the size of the Interest Equalisation Reserve. This will limit the amount of smoothing of declared rates when investment earning rates are volatile. The upper and lower limits of the Interest Equalisation Reserve are prescribed so that the aggregated Capital Guaranteed surrender value must not fall below 95% or rise above 103% of the Capital Guaranteed policyholders' assets.

It is a policy of NULAL not to declare a negative earning rate for the Capital Guaranteed Fund.

### **Allocation and redemption of units**

As contributions or rollovers are paid into the Fund, units will be allocated to your account in the investment funds you have selected. Units are normally allocated at the unit price on the day NULAL processes the contribution/rollover.

If you decide to switch from one investment fund to another, the units in the new fund will normally be determined at the unit price on the day the switch is processed.

If you switch out of or make a withdrawal from an investment fund (including pension payments), units will normally be redeemed at the unit price of the day NULAL processes your switch or withdrawal.

### **Restrictions**

Restrictions may be placed on access to or switches into or out of certain investment funds from time to time. In the event the Trustee elects to close an investment fund in which you have invested, you will be given the opportunity to select an alternative fund. If you do not make a valid selection, the Trustee will select an alternative fund that most closely resembles the closed fund.

## Section three

# Investment performance

### **Outlines the investment objective, asset allocation and investment performance of the investment funds offered.**

Please refer to your 2009 Annual Statement which outlines your opening and closing balances for each fund as at 1 July 2008 and 30 June 2009.

### **Trustee policy on use of derivative securities**

In formulating the investment strategies for the Fund the Trustee has recognised the use of derivatives by authorised investments of the Fund for the efficient risk management of a portfolio, or reduction of investment risk.

The Trustee relies on the provision of Derivatives Risk Statements where appropriate in respect of each authorised investment into which the Fund invests to determine whether investment in derivatives is made under appropriate controls having regard to investment objectives, investment restrictions and risk profile.

#### **Note:**

1. Past performance should not be taken as an indication of future performance.
2. '5 year average' for returns is the compound average value of the yearly performance figures over the last five years.

### **Illiquid investments**

An investment is an illiquid investment if it either:

- cannot be converted to cash in less than the specified time period required to rollover or transfer a withdrawal benefit, or

- converting it to cash within the time period specified would be likely to have a significant adverse impact on the realisable value of the investment.

Investment options of the Plan may be or may become an illiquid investment. The Trustee must generally action any requests for a rollover or transfer of a benefit within 30 days of receipt of all required documents. However, in the case of illiquid investments held for a member, the Trustee is not required to rollover or transfer the whole of your withdrawal benefit (or partial amount requested to be transferred) within 30 days, provided that the Trustee has complied with the relevant superannuation regulations concerning illiquid investments.

A liquid investment may become illiquid after you have invested in it.

The Trustee is required to give effect to your request to redeem from illiquid investments and pay or rollover your benefit as soon as practicable. You should be aware that transfer requests for a benefit that has illiquid investments may take substantially longer than 30 days.

If you choose an investment option that is illiquid when you initially invest or when we receive that money, and the investment option subsequently becomes illiquid, the Trustee will not proceed with that request. The Trustee will hold the amount directed to the now illiquid investment option in the Norwich Union Cash Fund investment option until we receive further instructions from you.

If the illiquid investment option is still open to receive new investment amounts, we will:

1. send you relevant information to advise you of the now illiquidity of the investment option
2. send you an acknowledgement consent for you to acknowledge and accept that you understand the illiquid nature of the investment and that a period longer than 30 days may be required for us to make payments from the illiquid investment option
3. require you to complete and return to us that written acknowledgement – before your funds are invested in the illiquid option.

If you have investments in an investment option that becomes illiquid and is subsequently suspended, we will be unable to proceed with any withdrawal requests. We will treat your withdrawal request as a partial withdrawal. That is, all investment option holdings (apart from the suspended fund(s)) will be redeemed and paid/rolled over as requested in your instructions to us.

You will need to monitor the investment option and provide further instructions once the fund manager lifts the suspension on the underlying investment fund.

At 30 June 2009, the Mortgage Fund, managed by Challenger Managed Investments Limited was an illiquid investment, (and was still so when this Report was prepared).

Note: Any illiquid investment options will be listed on [aviva.com.au](http://aviva.com.au) and updated regularly.

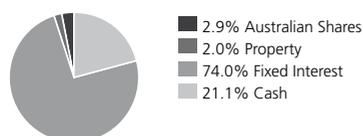
## Investment Strategy

### Capital Guaranteed Fund

**Investment Objective:** The Capital Guaranteed Fund is designed for investors seeking immediate security with relatively steady positive returns over the term of investment. The fund is conservatively managed and carries a guarantee of return of both capital and interest (once allocated) net of switches, withdrawals, pension payments and tax (if applicable).

**Investment Strategy:** To invest a high proportion of the fund in fixed and other interest bearing securities with smaller amounts invested in property and shares to provide for capital growth. Reserves are maintained and applied for the purpose of smoothing future returns to investors.

Asset allocation at 30 June 2009 for members joining the fund pre 1/02/1995



#### Market value

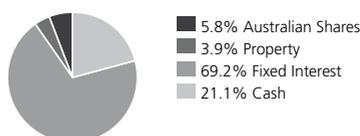
	\$MILLION <sup>^</sup>
30/06/2009	73.7

<sup>^</sup> Value of the asset portfolio of which this option is a part.

#### Returns % pa:

One year to	Entry & Service
30/06/2009	1.25
30/06/2008	4.30
30/06/2007	5.95
30/06/2006	5.40
30/06/2005	5.00
5 year compound average	4.37

Asset allocation at 30 June 2009 for members joining the fund post 31/01/1995



#### Market value

	\$MILLION <sup>^</sup>
30/06/2009	13.3

<sup>^</sup> Value of the asset portfolio of which this option is a part.

#### Returns % pa:

One year to	Entry & Service
30/06/2009	0.70
30/06/2008	3.95
30/06/2007	9.70
30/06/2006	6.15
30/06/2005	5.20
5 year compound average	5.10

## Investment Strategy

### Growth Fund

**Investment Objective:** The Growth Fund has a high proportion of assets in selected share and property investments in order to provide high real rates of return over the longer-term.

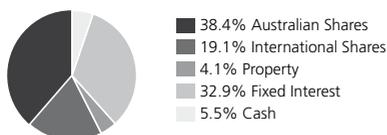
**Investment Strategy:** By maintaining a high proportion of the fund's assets in equities and property, it is expected in the long term, to achieve high returns. The fund also invests in overseas assets to diversify investments and further manage risk.

### Balanced Fund

**Investment Objective:** The Balanced Fund has a blend of capital growth and income producing assets and is expected to produce consistent growth over the medium to long term, whilst maintaining a lower level of risk than the Growth Fund because of the reduced exposure to shares.

**Investment Strategy:** To maintain a balanced spread of investment between fixed interest, cash and growth assets.

#### Asset allocation at 30 June 2009



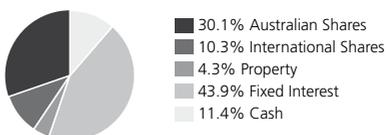
#### Market value

	\$MILLION
30/06/2009	17.92

#### Returns % pa:

One year to	Entry & Service
30/06/2009	-8.30
30/06/2008	-11.90
30/06/2007	14.60
30/06/2006	13.40
30/06/2005	12.50
5 year compound average	3.39

#### Asset allocation at 30 June 2009



#### Market value

	\$MILLION
30/06/2009	30.32

#### Returns % pa:

One year to	Entry & Service
30/06/2009	-4.80
30/06/2008	-7.90
30/06/2007	11.80
30/06/2006	10.10
30/06/2005	11.40
5 year compound average	3.75

## Investment Strategy

### Capital Stable Fund

**Investment Objective:** The Capital Stable Fund has a high proportion of its assets invested in cash and fixed interest securities to provide a high level of capital stability over time, but with a moderate exposure to equity investments to provide the potential for growth.

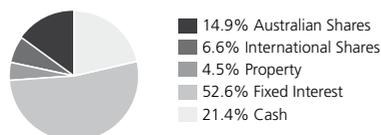
**Investment Strategy:** To invest a high proportion of the fund's assets in cash and fixed interest securities with the balance in growth assets.

### Cash Fund

**Investment Objective:** The Cash Fund is a safe portfolio with assets spread across a range of short term securities comprising cash deposits, fixed interest and government and bank backed securities. NULAL guarantees that the unit price upon redemption from the Cash Fund will be the highest over the period you have invested in the Cash Fund.

**Investment Strategy:** To invest in a diverse range of Australian cash and fixed interest securities only.

Asset allocation at 30 June 2009



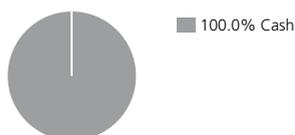
#### Market value

	\$MILLION
30/06/2009	7.45

#### Returns %:

One year to	Entry & Service
30/06/2009	-0.60
30/06/2008	-4.20
30/06/2007	8.10
30/06/2006	6.60
30/06/2005	8.80
5 year compound average	3.61

Asset allocation at 30 June 2009



#### Market value

	\$MILLION
30/06/2009	3.95

#### Returns % pa:

One year to	Entry & Service
30/06/2009	3.80
30/06/2008	4.90
30/06/2007	4.90
30/06/2006	4.30
30/06/2005	4.20
5 year compound average	4.42

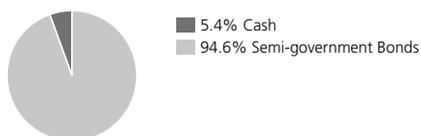
## Investment Strategy

### Australian Fixed Interest Fund

**Investment Objective:** The Australian Fixed Interest Fund seeks to add value by forecasting the future direction of interest rates along with yield curve positioning, sector selection (credit spreads) and arbitrage. An active approach is taken, concentrating on investments in Commonwealth, state government and investment grade corporate bonds.

**Investment Strategy:** The underlying strategy includes economic research, top down formulation and security selection. Risk is controlled through duration constraints and the stocks held have high minimum credit ratings.

#### Asset allocation at 30 June 2009



#### Market value

	\$MILLION
30/06/2009	0.28

#### Returns % pa:

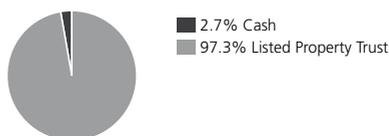
One year to	Entry & Service
30/06/2009	8.20
30/06/2008	2.40
30/06/2007	3.00
30/06/2006	2.10
30/06/2005	6.40
5 year compound average	4.39

### Listed Property Trusts Fund

**Investment Objective:** The Listed Property Trusts Fund is a portfolio of property-related securities listed on the Australian Stock Exchange providing diversity of property type and location, yield and liquidity. It seeks to take advantage of returns from property investments without the difficulties associated with investing in direct property.

**Investment Strategy:** To invest in a diverse range of listed Australian property trusts.

#### Asset allocation at 30 June 2009



#### Market value

	\$MILLION
30/06/2009	1.25

#### Returns % pa:

One year to	Entry & Service
30/06/2009	-35.60
30/06/2008	-32.40
30/06/2007	25.80
30/06/2006	17.20
30/06/2005	19.00
5 year compound average	-5.25

## Investment Strategy

### Australian Shares Fund

**Investment Objective:** The Australian Shares Fund is a diversified portfolio of industrial and resource companies listed on the Australian Stock Exchange.

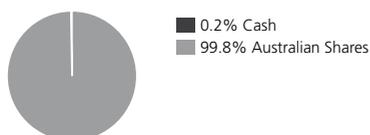
**Investment Strategy:** To invest in a diverse range of listed industrial and resource companies whose earnings capabilities are not reflected in the current share price.

### International Shares Fund

**Investment Objective:** The International Shares Fund is a broad portfolio of sharemarket investments selected to replicate those stocks held in the Morgan Stanley Capital International (World ex-Australia) Index ('MSCI'). The fund aims to provide long term capital growth and a return equivalent to that of the MSCI over the long term.

**Investment Strategy:** To invest across a diverse range of industries and companies in major overseas markets. The fund's benchmark is managed on a fully hedged basis, however the fund may employ partial or fully hedged currency management where the investment manager deems appropriate.

#### Asset allocation at 30 June 2009



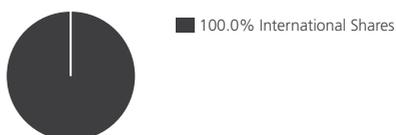
#### Market value

	\$MILLION
30/06/2009	7.08

#### Returns % pa:

One year to	Entry & Service
30/06/2009	-19.60
30/06/2008	-13.70
30/06/2007	28.30
30/06/2006	23.10
30/06/2005	24.70
5 year compound average	6.44

#### Asset allocation at 30 June 2009



#### Market value

	\$MILLION
30/06/2009	1.01

#### Returns % pa:

One year to	Entry & Service
30/06/2009	-5.30
30/06/2008	-22.00
30/06/2007	6.30
30/06/2006	17.30
30/06/2005	-1.90
5 year compound average	-2.01

## Investment Strategy

### Industrials Fund

**Investment Objective:** The Industrials Fund is a portfolio of Australian industrial shares listed on the Australian Stock Exchange. Diverse industries react differently to various economic conditions. As a result, a diverse range of industrial sub-sectors are included within the portfolio.

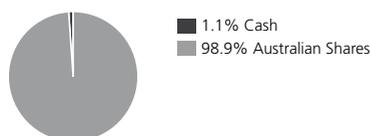
**Investment Strategy:** To invest in a diverse range of listed Australian industrial companies whose earnings capabilities are not reflected in the current share price.

### Mortgage Fund

**Investment Objective:** To provide a stable and predictable level of return over the short to medium term, with a high level of capital stability from a broad allocation of mortgages and other income producing assets.

**Investment Strategy:** To invest in a range of mortgages including: residential, retail, industrial and commercial, with the management of the underlying assets of the fund undertaken by Challenger Managed Investments Limited.

#### Asset allocation at 30 June 2009



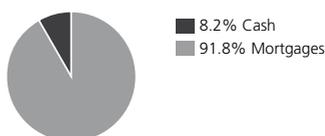
#### Market value

	\$MILLION
30/06/2009	2.66

#### Returns % pa:

One year to	Entry & Service
30/06/2009	-14.70
30/06/2008	-23.20
30/06/2007	27.40
30/06/2006	14.80
30/06/2005	20.70
5 year compound average	2.95

#### Asset allocation at 30 June 2009



#### Market value

	\$MILLION
30/06/2009	0.25

#### Returns % pa:

One year to	Entry & Service
30/06/2009	5.40
30/06/2008	5.80
30/06/2007	7.00
30/06/2006	4.20
30/06/2005	5.00
5 year compound average	5.48

## Section four

# Fees and charges

### The fees and charges that apply to your investment are fully described.

The following section summarises the fees as they relate to the Norwich Union Pensioner's Network Allocated Pension for the 2008/09 year. Investors should refer to their statements for the actual fees charged during the year.

	Entry Fee Option	Service Fee Option (only available for clients below 75 years of age)
Contribution Charge/ Service Fee	Up to 4.25% of the purchase price.	For unit linked funds, 0.355% of the original number of units held in each investment fund will be cashed quarterly from those investment funds for three years, with the proceeds being the service fee for the quarter. For the Capital Guaranteed Fund, up to 0.425% of the purchase price will be deducted quarterly from your account for three years.
Exit Charges	Nil	Equal of any remaining unpaid service fee, if a full withdrawal is made within three years of each investment.

	Fund	% p.a. of assets under management
Ongoing Management Charges*	Capital Guaranteed	2.65%
	Cash, Australian Fixed Interest & International Fixed Interest	1.90%
	Mortgage	2.45%
	Other unit linked funds	2.15%

**Early Withdrawal Penalty** 1% for withdrawals and/or commutations or switches made from the Capital Guaranteed Fund within twelve months of the investment date.

**Capital Protection Option** Up until 31 December 2004, a Capital Protection Fee (Deferred Guarantee) of 0.2% p.a. was calculated daily on the balance in the selected investment fund and deducted before the unit price was declared. From 1 January 2005, the Capital Protection Fee (Deferred Guarantee) was increased from 0.2% p.a. to the amounts shown in the table below. As of 1 March 2009 the Capital Protection Fee (Deferred Guarantee) was increased to the following amounts:

The capital protection fee applicable to each fund is listed below

Fund	Capital Protection Fee up to the end of February 2009	Capital Protection Fee from 1 March 2009
Balanced	0.3% p.a.	0.6% p.a.
Growth	0.4% p.a.	0.8% p.a.
Australian Shares	0.4% p.a.	0.8% p.a.
International Shares	0.4% p.a.	0.8% p.a.
Listed Property	0.4% p.a.	0.8% p.a.
Industrials	0.4% p.a.	0.8% p.a.

These fees apply to existing investments only, as the funds were closed to new investments on 1 December 2008.

**Account Keeping Fee** This is a fee of \$3.76 per pension payment.

\* For the Capital Guaranteed Fund, the management fee is deducted prior to the declared rate being announced. For all other strategies, the gross management fee is deducted daily before the unit price is determined.

## Other Management Costs

'Other management costs' is your estimated share of 'common fund' costs. These are the ongoing costs, fees and expenses that are deducted from your investments by either the Trustee, NULAL or the manager of an underlying managed investment before the unit prices for your investments (or declared earning rate for a few investment options) are set.

'Total fees you paid' then adds together the costs charged to your account by transactions shown on your Statement (as shown in previous years),

less any rebates shown, plus the amount of Other Management Costs – to give you a picture of the total costs and charges for your investment.

Legislation for how these items were to be arrived at means that they will be estimated on a comparable basis by all investment managers and superannuation funds.

You will also see details of any contributions received during the year, helping you to confirm them.

Talk to your adviser or Client Services regarding this information about your existing costs.

## Section five

# Taxation

Your Key Features Statement and Fund Information Brochure set out the tax treatment of superannuation contributions and benefits. Some of the thresholds referred to in the Brochure are indexed annually. The limits and thresholds that relate to 2008/09 and 2009/10 are detailed below.

Please note contributions cannot be made to an Account-based Pension.

### **Taxation of superannuation lump sum benefit payments**

Any withdrawal from the Plan of a lump sum payment is a superannuation lump sum benefit, a component of which can form part of your assessable income (and may be subject to concessional tax treatment), unless rolled over to another complying superannuation fund or approved deposit fund. The Trustee may be required to make a PAYG withholding deduction from your superannuation lump sum benefit.

The tax treatment of the components of a lump sum benefit are detailed in the table opposite. We will provide you with a superannuation lump sum benefit Payment Summary for the amount of the superannuation lump sum benefits paid, which contains details of any PAYG deducted and an assessable amount which may need to be included in your next tax return.

The Medicare levy is also payable on the amount included in your taxable income (1.5% for 2009/10).

The tax free component of each lump sum payment is the same proportion of the payment that the whole of your total tax free component bears to your total account value.

### **Tax on death benefits**

Death benefits are tax free when paid to a death benefit dependant, which can be a spouse (including a de facto or same sex spouse), a former spouse where financially dependent, a child aged less than 18, a person with whom you have an interdependency relationship or a financial dependant. Adult children are not death benefit dependants for tax purposes unless they are financially dependant on, or in an interdependency relationship (see pages 20 and 21) with the deceased member. Death benefits paid to an estate are also tax free provided they are distributed to one or more death benefit dependants.

Where the benefit is paid directly to a person who is not a death benefit dependant, it is taxed as a superannuation lump sum benefit received by them and PAYG withholding amounts are deducted. Any tax free component amount of the deceased member's account is tax free to these beneficiaries in proportion to the amount of their benefits to the whole account. The balance is their taxable component and is taxed at not more than 15%, unless there is insurance included in the benefit, when there can be an amount taxed at not more than 30%.

PAYG withholding instalments are not deducted by the Trustee on death benefits paid to the deceased member's legal personal representative (their estate). This is the responsibility of the executor or trustee of the estate.

## Lump sum benefit tax treatment

Age	Tax free component	Taxable Component
Aged 60 and over	Not subject to tax (and not assessable income)	Not subject to tax (and not assessable income)
Over preservation age and under age 60	Not subject to tax (and not assessable income)	First \$150,000* is tax free and the balance is taxed at not more than 15%
Under preservation age	Not subject to tax (and not assessable income)	Taxed at not more than 20%

\* Applicable for the 2009/10 financial year and is increased each 1 July in line with AWOTE index rounded down to the nearest multiple of \$5,000.00.

Death benefits paid as a pension receive concessional tax treatment, but cannot be paid to a non-dependant.

You may wish to obtain further information and discuss the options for death benefits with your Plan's financial adviser.

### Tax on disablement benefits

Payments made as a result of temporary disablement (income protection) are taxed as normal income.

Payments made as a result of total and permanent disablement may qualify for concessional treatment.

### Tax File Numbers (TFN)

Providing your tax file number is not compulsory. However, without a TFN:

- the Plan must return any contribution you make for yourself within 30 days of receiving the contribution.

- employer contributions may be taxed at the highest marginal rate plus the Medicare Levy.
- you cannot find lost superannuation money.
- the ATO cannot determine your entitlement to Superannuation Co-contributions.

Your employer may pass your TFN to the Trustee of the super fund which may only pass the TFN to another super fund or provider on rollover or transfer of the benefits (unless directed otherwise).

### Superannuation Surcharge

The surcharge ceased to apply to contributions from 1 July 2005. Surcharge assessments will continue to be received for some time by superannuation funds in respect to contributions made in previous years. For further information please consult your financial adviser.

## Personal income tax thresholds and rates

2008/09 Thresholds	Tax Rate	2009/10 Thresholds	Tax Rate
\$0 - \$6,000	Nil	\$0 - \$6,000	Nil
\$6,001 - \$34,000	15% *	\$6,001 - \$35,000	15% *
\$34,001 - \$80,000	30% *	\$35,001 - \$80,000	30% *
\$80,001 - \$180,000	40% *	\$80,001 - \$180,000	38% *
\$180,001 or more	45% *	\$180,001 or more	45% *

\* Plus Medicare Levy 1.5%

The information in this publication reflects our understanding of existing legislation, rulings etc as at 1 July 2009. While it is believed the information is accurate and reliable, this is not guaranteed in any way. The information is not, nor is it intended, to be comprehensive or a substitute for advice on specific circumstances.

## Section six

# Further information

### Important superannuation information for temporary residents

If you are a temporary resident, or were a temporary resident and have now left Australia, the following conditions of release are available, only if you met them before 1 April 2009: retirement after preservation age, resignation from your employment after age 60, attaining age 65, commencing a pension after preservation age, to pay excess contributions tax, severe financial hardship or compassionate grounds, or employment terminated and your superannuation benefit is less than \$200.

If you are a temporary resident, or you were a temporary resident and have left Australia, and you didn't meet any of the above conditions of release prior to 1 April 2009, benefits may only be paid in the event of your death, permanent or temporary incapacity, if you suffer a terminal medical condition or because of your permanent departure.

We must pay benefit amounts for temporary residents who have left Australia to the Australian Taxation Office ('ATO') following the appropriate request from the ATO.

These restrictions and requirements to pay your benefit to the ATO do not apply to you if you hold an Investment Retirement (405) or Retirement (410) visa, have become a permanent resident or citizen of Australia or are a permanent resident or citizen of New Zealand.

The Trustee will not notify you of the payment of your benefit to the ATO, or issue a final statement (an 'exit statement') to you if your benefit is transferred to the ATO. (For this, it relies on relief granted by the Australian Securities and Investments Commission ('ASIC') from periodic statement regulatory requirements.)

Once your superannuation benefit is transferred to the ATO, we can no longer pay you your benefit, but you have the right to make an application to the ATO to arrange for payment of your benefit.

For further information regarding these requirements or the current status of your superannuation, please contact Aviva on 1300 428 482 or the ATO on 13 10 20 or [www.ato.gov.au](http://www.ato.gov.au)

### Death benefits

Benefits paid on death are, generally, the account balance less any exit fees (if applicable). Taxation legislation provides for an automatic 'anti-detriment' addition to death benefits paid to dependants of a deceased member to adjust for the impact of tax on contributions. The amount and applicability of this addition varies from member to member. (Conditions apply.) Anti-detriment payments will only apply to death benefits paid as a lump sum to eligible beneficiaries.

If you are a pensioner and you have named a reversionary pensioner, your pension will automatically be paid to that person on death.

Please note, restrictions apply from 1 July 2007 on payment of reversionary pensions to adult children.

Contact your financial adviser or call Client Services on 1300 428 482 if you need more details.

In any other case, benefits on death will be paid to an eligible beneficiary. That is:

- your spouse (including de facto or same sex spouse)
- your children (including step children and adopted children)
- a person with whom you have an ‘interdependency relationship’ (detailed below)
- anyone else who is wholly or partly financially dependent on you, and
- your legal personal representative (that is, the person responsible for administering the estate)

Two persons have an ‘interdependency relationship’ if:

- a. they have a close personal relationship; and
- b. they live together, and
- c. one or each of them provides the other with financial support, and
- d. one or each of them provides the other with domestic support and personal care.

(If they have a close personal relationship but either or both of them suffer from a physical, intellectual or psychiatric disability such that the disability is the reason that they cannot satisfy the other requirements above, they still have an ‘interdependency relationship’.)

If you wish to nominate a person with whom you have an interdependency relationship as a beneficiary please contact your financial adviser or call Client Services on 1300 428 482.

You should be aware that superannuation death benefits do not automatically form part of your estate or become subject to the terms of your will (unless you have nominated your legal personal representative under a binding nomination). It is important that you take this into consideration when preparing your will and, if appropriate, seek legal advice.

You have two choices when it comes to nominating beneficiaries to receive death benefits:

## **1. A binding nomination, or**

## **2. Non-binding nomination (Trustee discretion)**

### **Binding Death Nominations**

A binding death nomination means that the Trustee will be bound to pay your death benefit to the person(s) you have nominated (provided they are still eligible beneficiaries) and in the proportion(s) indicated. No one else will have a right to receive the benefits. If you nominate your legal personal representative, your benefit will be paid to your legal personal representative and distributed as part of your estate, according to your will (or intestacy rules if no will). Only eligible beneficiaries (detailed opposite) can be nominated.

To be valid, a binding nomination must satisfy certain conditions, including being witnessed by two independent adults. Under the legislation, the binding death nomination must be renewed every three years or it will lapse. You will be notified in your statement of any binding nomination.

This will give you the chance to renew, revoke or amend your binding nomination if necessary.

Your binding nominations are made on the Application for Binding Death Nomination form.

Please note that family law splitting of superannuation benefits between spouses on separation may override the terms of a binding death benefit nomination.

### **Non-binding nominations (Trustee discretion)**

If you complete a non-binding nomination, the Trustee will not be bound by the nominations you make, but may take these nominations into consideration when exercising its discretion.

### **Terminal Illness**

The condition of release, Terminal Medical Condition, allows terminally ill people to access their superannuation tax free. To meet this condition of release, members must satisfy the following;

- two registered medical practitioners have certified that the person suffers from an illness or has incurred an injury that is likely to result in death within a period (the certification period) no greater than 12 months;
- at least one of the registered medical practitioners must be a specialist practising in the area related to the illness or injury suffered by the person; and
- for each of these certifications, the certification period has not ended.

Once these conditions are met, the member's entire superannuation benefit becomes *unrestricted non-preserved* and can be withdrawn tax-free at any time. This also applies to any contributions received for the member during the certification period.

These doctors' certificates are also the requirement for no PAYG withholding amount to be deducted from benefit payments to members under age 60.

If a member has not satisfied these requirements at the time of payment, normal superannuation lump sum tax will apply (see page 18). However, if the member subsequently satisfies the definition within 90 days of the payment, the fund will pay the amount withheld for tax to the member.

If you would like further information please call Client Services, or alternatively go to the ATO's website [www.ato.gov.au](http://www.ato.gov.au)

## The Trustee

The Trustee of the Fund is NULIS Nominees (Australia) Limited, ABN 80 008 515 633, AFSL No. 236465, RSE Licence number L0000741, an RSE licensee under the Superannuation Industry (Supervision) Act 1993 ('SIS').

During the year 2008/09, the directors of the Trustee were:

Mr Charles (Sandy) Clark (Chairman)  
 Ms Elizabeth Flynn  
 Mr David Trenerry  
 Mr Sean Potter  
 Mr Bruce Hawkins, and  
 Ms Diana Taylor

Ms Anne Wright was the Company Secretary.

One of the RSE conditions imposed on the Trustee to be the trustee of a public offer superannuation fund is a requirement to have at least \$5 million in net tangible assets, or to have secured a bank guarantee for that amount. The Trustee has secured such a guarantee from the Westpac Banking Corporation. This guarantee is held at the registered office of the Trustee, Level 6, 509 St Kilda Road, Melbourne 3004.

The Trustee and its Directors are entitled to be reimbursed from the Fund for any costs and expenses incurred in the management and administration of the Fund. They are also entitled to be indemnified from the Fund for all liabilities arising from the management and administration of the Fund except where the Directors have acted fraudulently, dishonestly, through wilful misconduct or have incurred a penalty for a breach under SIS. The Trustee is liable for its activities and for this reason has professional indemnity insurance.

## Trust Deed and Trust Deed amendments

Members' rights are governed by the provisions contained in the Trust Deed dated 16 December 1985 (as amended).

Trust Deed amendments were made in the year 2008/09 to:

- change the definition of 'Spouse',
- insert a definition of 'Permanent Incapacity', and
- update the definition of 'Total and Permanent Disability'

External legal have provided signoff that the amendments do not contravene any statutory restrictions upon the Trustee's powers of amendment and do not adversely alter beneficiaries' rights to accrued benefits so as to require the consent of beneficiaries.

Amendments to the Trust Deed can only be made by the Trustee and must be made in accordance with the requirements of superannuation law.

If you would like to view the Norwich Union Superannuation Trust Deed, please contact Client Services on 1300 428 482.

## **Making enquiries or complaints**

We have set up formal internal procedures for dealing with complaints within 90 days. We may be able to solve the problem over the phone, but if not, we will ask you to put it in writing at the address below. Client Services can be contacted on 1300 428 482.

Aviva Australia  
Complaints Officer  
GPO Box 2567W  
Melbourne, Victoria 3001.

## **Superannuation Complaints Tribunal**

If you are not satisfied with the handling of a complaint or its resolution or the Trustee or its delegate has not dealt with your complaint within 90 days, then the Superannuation Complaints Tribunal ('the Tribunal') may be able to deal with your complaint. The Tribunal is an independent dispute resolution body set up by the Government to assist investors to resolve certain types of superannuation complaints that have not been resolved by the Trustee.

The Tribunal may be able to assist you to resolve a complaint, but only after you have made use of the Trustee's own enquiries and complaints procedures. Once the Tribunal accepts a complaint it tries to conciliate the dispute by helping an investor and the superannuation Trustee reach agreement. Where this is unsuccessful the Tribunal will formally review the matter and make a binding decision.

It is located in Melbourne and its postal address is:

Locked Bag 3060  
GPO Melbourne Victoria 3001  
Phone: 1300 780 808  
Fax: 03 8635 5588  
Website: [www.sct.gov.au](http://www.sct.gov.au)

## **Keeping in touch**

It is very important that you advise Aviva Australia if you change your personal details. While address details may be changed over the phone, other details such as beneficiary nominations must be changed in writing.

To ensure prompt service, please quote your policy number whenever you contact Aviva Australia.

## **Lost members**

When a member becomes uncontactable (or 'lost'), the Trustee may elect to transfer such a member's benefits to what is known as an Eligible Rollover Fund ('ERF'). ERFs have a low-risk, low-return investment strategy. Generally speaking, a lost member is one where at least one member communication has been sent by the Trustee to the member's last known address, and it has been returned unclaimed.

The Norwich Eligible Rollover Fund ('NERF') is the nominated ERF of the NUST. NULIS Nominees (Australia) Limited is the Trustee of the NERF.

The contact details for the NERF are:

The NERF Administrator  
Norwich Union Life Australia Limited  
GPO Box 2567W  
MELBOURNE VIC 3001  
Phone: 1300 428 482

Account balances of members in the NERF are 'protected'. This means that once money is received by the NERF the account balance will never be less than the original amount transferred, except to pay tax.

Each year the Trustee is required to notify the ATO of the details of those investors with whom it has lost contact so that they can be included on the Lost Member Register.

If your benefit remains unclaimed by the date you reach age 65, and the Trustee of the Fund is unable to find you to pay you your benefit, it will transfer the benefit to the Australian Taxation Office.

## **Information available on request**

If you would like any further information about the Fund or your investment (including details of benefits or fees and charges) or you wish to inspect the Fund documents please contact Client Services on 1300 428 482.

## **Financial information**

The Trustee invests wholly in life policies issued by NULAL, with each investment option being invested with its Fund Manager(s) through the relevant NULAL policy. For regulatory purposes, the benefits paid to each member are wholly determined by reference to life insurance products.

Regulatory requirements to provide:

- fund accounts or abridged financial information and statements of assets, and
- details of investments in excess of 5% of total assets,

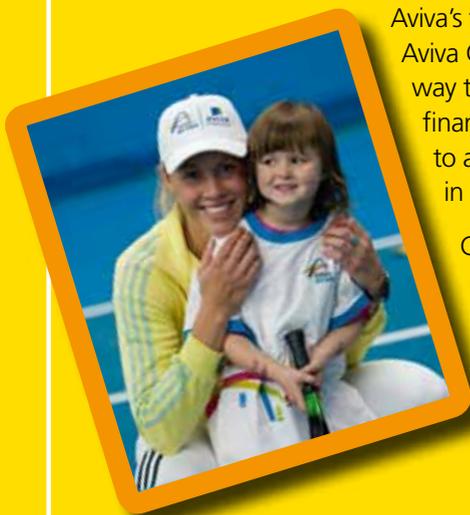
do not apply to superannuation funds so structured, and accordingly the Trustee has not provided this information.

(Life insurance companies are subject to the provisions of the Life Insurance Act 1995, the Insurance Contracts Act 1984 and other specific prudential requirements, in addition to general corporations and superannuation regulations.)



Through funding and volunteer support of Aviva's flagship charity, the combined efforts of Aviva and our people have assisted in bringing joy and smiles to the faces of over 520 children and 410 family members, since our launch in May 2008.

Camps and fun days have been, and continue to be, supported Australia-wide. A highlight has been the Aviva Tennis Hot Shots clinic, with tennis ambassador Alicia Molik being a major hit with the kids.



Aviva's flagship charity initiative is part of the Aviva Guiding Star program, which provides a way to support Australian charities through financial contributions and staff involvement to achieve lasting changes and improvements in the community.

Camp Quality believes in bringing optimism and happiness to the lives of children and families affected by cancer through fun therapy.

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Proudly supporting  
**Camp Quality**

in bringing optimism and happiness  
to the lives of children and families  
living with cancer

