

Product Disclosure Statement Part 1

Features Book Issue Number 4

Dated 1 July 2008

The Trustee of the Australian Eligible Rollover Fund (ABN 81 932 639 940, RSE R1067750) and issuer of this Product Disclosure Statement is Perpetual Superannuation Limited.

ABN 84 008 416 831

AFSL 225246

RSE L0003315

This document forms part of a Product Disclosure Statement which consists of two parts:

Part 1 – Features Book and

Part 2 – Fees and Other Costs Book

(which is enclosed with this document).



AUSTRALIAN ELIGIBLE
ROLLOVER FUND
ALL SUB-PLANS

Perpetual 



JACQUES MARTIN
Administration and Consulting Pty Ltd

Contents

Contact details	2
About this Product Disclosure Statement	3
1. What is the Australian Eligible Rollover Fund?	5
2. Important information	7
3. Tax	12
4. Investment information	15
5. Investment earning rate and crediting strategy	18
6. The risks of investing	19
7. Further information	23
Forms	29

Contact details

Australian Eligible Rollover Fund (AERF)

Trustee

Perpetual Superannuation Limited
 ABN 84 008 416 831
 AFSL 225246
 RSE L0003315
 GPO Box 4172
 Sydney NSW 2001

The Trustee is responsible for ensuring that the AERF is properly administered in accordance with the Trust Deed. The Trustee also ensures the AERF complies with relevant legislation, that members' benefits are correctly calculated and members are informed about the operation of the AERF.

AERF Administrator

Jacques Martin Administration and Consulting Pty Ltd
 ABN 24 006 787 748
 AFSL 235037

The Trustee has appointed Jacques Martin Administration and Consulting Pty Ltd (AERF Administrator) to assist the Trustee in the day-to-day care of members' accounts and for keeping members fully informed about their benefits.

If you have an enquiry regarding your account or the AERF, please contact the AERF Administrator (see details below).

The Australian Eligible Rollover Fund
 Jacques Martin Administration and Consulting Pty Ltd
 Locked Bag 5429
 Parramatta NSW 2124
 Telephone: 1800 677 424 – between 8.30am and 5.00pm (Sydney time)
 Monday to Friday
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About this Product Disclosure Statement

This Product Disclosure Statement (PDS) is provided in two parts:

- **Part 1** (Features Book) contains general information about your membership in the AERF.
- **Part 2** (Fees and Other Costs Book) contains specific information about fees and other costs for your relevant sub-plan.

You should read Part 1 and Part 2 of the PDS carefully. If you have not received both parts, please contact the AERF Administrator – the contact details are on page 2.

Important notes

- Reference in this PDS to ‘AERF’ is a reference to the Australian Eligible Rollover Fund.
- References in this PDS to ‘we’, ‘us’, ‘our’, ‘Trustee’ and ‘Perpetual’ are to Perpetual Superannuation Limited as the trustee of the AERF.
- Perpetual Superannuation Limited is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827).
- ‘Perpetual Group’ means Perpetual Limited and its subsidiaries.
- References in this PDS to ‘AERF Administrator’ are to Jacques Martin Administration and Consulting Pty Ltd as the currently appointed administrator of the AERF, who have:
 - consented to the statements made about them being included in this PDS, in the form and context that they appear
 - not withdrawn their consent before the issue date of this PDS and
 - not authorised or caused the issue of this PDS.
- References to ‘you’ or ‘your’ are to current and prospective members in the AERF.
- The AERF’s Trust Deed dated 20 June 1994 (as amended), together with the law (including the Superannuation Industry (Supervision) Act 1993 (SIS), the Corporations Act 2001, Regulations made under these Acts, general trust law and any other applicable laws), governs the operation of the AERF.
- This PDS describes the important features of the AERF. You should read it carefully before making a decision to continue your membership of the AERF. It contains general information only and doesn’t take into account your specific investment goals or financial position. This PDS will also help you to compare the AERF to other superannuation investments you may be considering.

- We recommend that you seek financial advice before making an investment decision. You should also consider the tax implications of being a member of the AERF, which your financial and/or tax adviser will be able to help you with.
- We may update this PDS (including the terms and features of the AERF where we have discretion under the Trust Deed) with changes that are not materially adverse without issuing a supplementary PDS. This information will be available by contacting the AERF Administrator or from our website www.perpetual.com.au. A paper copy of the PDS and updated information will be available free of charge on request. If we become aware of any change that is materially adverse, we'll replace this PDS or issue a supplementary PDS. If there is an increase in fees and costs (other than government fees and charges), we'll give you 30 days' prior written notice. Any member who withdraws their entire benefit before the expiry of the notice is not bound by the increase.
- You should keep a copy of the current PDS and any supplementary PDS for future reference. You can access further information about the AERF that has been made publicly available by contacting the AERF Administrator. The AERF Administrator will tell you if there is a charge for this information.
- Past investment returns are not indicative of future returns, so you shouldn't base your decision to remain a member of the AERF on past returns.
- Neither we nor any company in the Perpetual Group guarantee that you will earn any return on your investment or that your investment will gain or retain its value. Investment in the AERF is subject to investment risk, including possible delays in repayment and loss of income and capital invested.
- If you leave the AERF or withdraw money after joining, you may get back less than the amount transferred in. This may be due to the level of returns earned (including negative returns) and any fees and charges that may be deducted from your benefit.
- All amounts in this PDS are in Australian dollars and all times quoted are Sydney time (unless otherwise specified).
- Fees and charges in this PDS include the net effect of the goods and services tax (GST) unless otherwise specified. Please refer to the 'Tax' section on page 14 of this PDS for more information in relation to GST.

1. What is the Australian Eligible Rollover Fund?

The Australian Eligible Rollover Fund (AERF) is an eligible rollover fund (ERF).

An ERF is a registered superannuation fund that receives transferring members (and their benefits) from other superannuation funds, retirement savings accounts (RSA) or approved deposit funds.

For a fund to be an ERF, the trustee of the fund must:

- register with APRA as an ERF
- be the holder of a Registrable Superannuation Entity (RSE) licence issued by APRA and
- treat every member of the fund as a protected member (see below) at all times and the whole of the benefits of every member as minimum benefits (that is, the member's benefit arising from member contributions, mandated employer contributions and amounts rolled over or transferred into the fund as minimum benefits, together with consequential earnings less costs on those amounts).

Superannuation funds that do not wish to comply with the member protection requirements must transfer the benefit entitlements of their members to an ERF where member protection is mandatory.

Features of the AERF

The main features of the AERF include:

- trusteeship and overall management by Perpetual Superannuation Limited
- administration by Jacques Martin Administration and Consulting Pty Ltd
- underlying investments managed by specialist managers in each asset class
- a diversified portfolio of Australian shares, international shares, property, alternative assets, fixed interest and cash and
- reporting on benefit entitlements, AERF performance and significant matters.

Member protection

The AERF is required to treat all members as protected members, which generally means that the Trustee can't charge administration fees (excluding tax) that exceed investment earnings for a given reporting period. If this occurs, any excess administration fees must be refunded to the member's account – this refund is called a 'Member Protection Rebate'.

Member protection doesn't cover those fees and charges that are deducted from the gross returns of the AERF before investment earnings are allocated to member accounts. These costs are not levied against member benefits, but are applied before the earnings of the AERF are allocated to the member. The member protection rules also don't extend to tax costs. More details regarding fees and charges are in PDS Part 2.

Member protection doesn't protect your benefit against a negative earning rate. The value of your benefit can fall due to a negative earning rate. If total investment earnings to be distributed to members aren't enough to cover the total administration costs to be debited to members' benefits, administration costs must be apportioned between all members of the AERF in a fair and equitable manner.

2. Important information

Why were you transferred to the AERF?

Trustees of superannuation funds have broad powers under SIS to transfer a member's benefit to an ERF. This legislation overrides any provision to the contrary contained in the governing rules of the relevant fund.

Your superannuation benefit in the AERF may have been transferred from another superannuation fund for any of the following reasons:

- you have become a 'lost' member for the purposes of SIS. A member can technically be considered 'lost' by a fund trustee if:
 - (a) the fund has never had an address for the member
 - (b) at least one written communication has been sent to the member's last known address and returned unclaimed or
 - (c) the member's account has been inactive for five years
- or
- the balance of your account in your previous fund was less than \$1,000 or
- you didn't nominate a complying superannuation fund that would accept your benefit within a specified timeframe of leaving your previous fund or
- you're a non-member spouse, in circumstances connected with the division of superannuation following a marriage breakdown.

How is your benefit calculated?

Your benefit in the AERF comprises the following:

The amount originally transferred to the AERF from other funds

plus: the earning rate allocated to your account each year

less: administration fees and taxes.

For an explanation of the earning rate, please refer to page 18.

The AERF does not offer insurance benefits to members. Any insurance cover you had in your previous superannuation fund ceased when you were transferred to the AERF.

The AERF can't accept any ongoing contributions from members or employers. The AERF will accept Superannuation Guarantee shortfall components from the Australian Taxation Office (ATO).

Accessing your benefit

Superannuation is a long-term investment. The Australian government has placed restrictions on when a person can access their benefits.

You can:

- access your benefit as a lump sum payment (subject to the conditions of release outlined below) or
- transfer your benefit to another complying superannuation or rollover fund.

Preserved benefits

Preserved benefits can only be paid to you upon meeting one of the following conditions of release:

- you retire permanently from the workforce after reaching your preservation age, which depends on your date of birth, as shown in the following table:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

- you reach age 65
- you are aged 60 or over and an arrangement under which you were gainfully employed has ceased
- you reach your preservation age and commence a non-commutable income stream without retiring
- you become permanently incapacitated
- you have been diagnosed with a terminal medical condition that is likely to result in your death within 12 months (subject to requirements under SIS)
- you are a temporary resident (other than a New Zealand citizen), departing Australia permanently (subject to requirements in SIS)
- you have previously been classified as a ‘lost’ member under SIS and your total benefit in the AERF is less than \$200
- you are in severe financial hardship (subject to requirements under SIS) or
- you die (if you die, the benefit can be paid to one or more of your dependants or your legal personal representative – see ‘Death benefits’ on page 25)

- APRA agrees to the release of benefits on specified compassionate grounds.

You may roll over all benefits, including your preserved benefits, at any time to another complying superannuation fund, approved deposit fund, deferred annuity or RSA.

Restricted non-preserved benefits

Certain pre-1 July 1999 contributions may be classified as restricted non-preserved benefits. These benefits can only be paid to you by either meeting one of the conditions of release for preserved benefits or ceasing your employment that gave rise to these benefits.

Unrestricted non-preserved benefits

Unrestricted non-preserved benefits can be withdrawn from the AERF at any time.

How to withdraw

You can make a withdrawal by completing our benefit claim form (attached to this PDS) and providing the required documents as stated on the form.

Your withdrawal will be processed as soon as practicable after the AERF Administrator receives your completed benefit claim form, including appropriate supporting documents.

The AERF Administrator currently accepts withdrawal requests by fax, provided there is no reason to believe the request is not genuine. For your protection, the AERF Administrator cannot accept fax withdrawal requests for deposits to an Australian bank, building society or credit union account that has not been previously nominated by you by mail. Please note third party payments other than to another superannuation or rollover fund will not be accepted.

A member who uses the fax withdrawal facility:

- releases, discharges and agrees to indemnify us and each member of the Perpetual Group and the AERF Administrator from and against all losses, liabilities, actions, proceedings, accounts, claims and demands arising from instructions the AERF Administrator receives under the facility and
- agrees that a payment or purported payments made according to the conditions of that facility shall be in complete satisfaction of our obligations or those of any member of the Perpetual Group and the AERF Administrator to the members for payment, even if it was requested, made or received without the knowledge or authority of the member.

The AERF Administrator's fax number is on the inside front cover of this Features Book.

Your withdrawal proceeds can be:

- rolled over to another complying superannuation or pension fund
- paid to you by cheque or
- paid to you into your Australian bank, building society or credit union account.

Pension payments are not available from the AERF.

Please note that payments made to you are subject to preservation requirements (see 'Accessing your benefit' on page 8 for further details).

The AERF Administrator can provide more details regarding the information required to withdraw your benefit from the AERF.

Unclaimed super

Your benefit will be paid to the ATO as unclaimed super if:

- you have reached age 65 and
- your account has been inactive for at least two years and
- after the end of five years since the last contact, we have been unable to contact you again after making reasonable efforts.

Your benefit will also be taken to be unclaimed super if:

- you have died and
- we determine that, under the fund's rules or the law, a benefit is immediately payable in respect of you and
- your account has been inactive for at least two years and
- after making reasonable efforts and after a reasonable period of time has passed, we are unable to ensure that the benefit is received by the person who is entitled to it.

You should refer to the ATO's website www.ato.gov.au or phone the ATO on 13 10 20 if you have any enquiries about unclaimed super.

Family Law

Part of your superannuation benefit may be paid to your spouse or former spouse as a consequence of the superannuation splitting laws.

SIS and the Family Law Act 1975 (Cth) allow for superannuation benefits to be split between you and your spouse in the case of legal separation or divorce.

Under these laws, the Trustee may be required to:

- provide certain information about your superannuation interest to certain eligible persons upon request without notifying you of the request and/or
- flag and/or split your superannuation interest in accordance with a superannuation agreement or Family Court order.

Although we are permitted by law and under the Trust Deed to charge fees in respect of splitting superannuation, we don't currently do so. We will notify you in advance of any change.

The legislative requirements for splitting your superannuation are complex and effecting a split of your superannuation interest may have significant financial and tax consequences for you. We therefore recommend that you seek professional legal, tax and financial advice on how these provisions may affect you.

The AERF Administrator can provide more detailed information on the splitting of superannuation benefits.

3. Tax

The tax consequences of investing in superannuation products are particular to your circumstances, so we recommend you see a tax adviser. This information is general only and shouldn't be relied on.

Tax position of the AERF

Taxable contributions

The AERF can't accept any ongoing contributions from members or employers. The AERF accepts transfers of superannuation benefits from other superannuation funds according to the reasons specified on page 7 of this PDS.

Generally, rollovers and transfers from taxed sources are not taxed when added to your account in the AERF. Any 'taxable component' that is rolled over or transferred from an untaxed superannuation source will generally be taxed at 15%.

Tax on investment earnings

Because the AERF is a complying superannuation fund, it pays a maximum rate of income tax of 15% on its taxable income. The AERF is taxed on realised net capital gains and other investment income including interest and unit trust distributions.

The effective rate of income tax for the AERF is generally less than 15% due to the impact of:

- concessional capital gains tax treatment for assets held for more than 12 months
- allowable deductions (see below) and
- availability of tax offsets (see below).

Allowable deductions

Certain expenses incurred by the AERF may be claimed as deductions for income tax purposes. This reduces the taxable income of the AERF and therefore reduces the amount of income tax payable by the AERF.

For example, the AERF claims management costs payable to us and the AERF Administrator as income tax deductions, and apportions these back to members in the annual earning rate, or the interim earning rate at the time if members leave the AERF before the annual earning rate being declared.

Tax offsets

The AERF may be eligible to claim tax offsets against income tax it is otherwise required to pay. Tax offsets, including franking credits and foreign tax credits, could reduce the amount of income tax payable by the AERF. Excess franking credits may be refundable to the AERF by the ATO.

Members

Tax on lump sum withdrawals

Tax may be payable when you make a lump sum withdrawal from the AERF. The tax treatment of the components of superannuation lump sums for the 2007/2008 financial year is set out in the table below. Please note different rates may apply to temporary residents permanently departing Australia or where a member has not provided their Tax File Number (TFN).

Components	Tax treatment		
	Under age 55	Aged 55-59	Aged 60 and over
Tax free¹	Tax-free	Tax-free	Tax-free
Taxable²	Taxed at 20% ³	First \$140,000 ⁴ is tax-free and the balance taxed at 15% ³	Tax-free

1. The tax-free component includes the undeducted contributions, post-June 1994 invalidity, CGT exempt, pre-July 1983 and concessional components that existed as at 30 June 2007. From 1 July 2007, it includes any after-tax contributions and Government co-contributions.

2. The taxable component includes the post-June 1983 (taxed) and excessive components that existed as at 30 June 2007. From 1 July 2007, it includes concessional contributions.

3. Plus Medicare levy.

4. The low-rate cap was set at \$140,000 on 1 July 2007 and will be indexed in line with average weekly ordinary time earnings (AWOTE) in \$5,000 amounts.

Tax on death benefits

Superannuation death benefit payments are tax-free if paid to a dependant.

For tax purposes, a dependant is a:

- spouse (including a de facto spouse)
- child, adopted child, step-child, ex-nuptial child under the age of 18 or
- person who you have an 'interdependency relationship' with (see page 26 for details).

The taxable component of a lump sum death benefit paid to a non-dependant will be taxed at 15% plus Medicare levy. A higher rate of tax may apply if the non-dependant doesn't provide their Tax File Number.

Tax on terminal illness benefits

No tax is payable on benefits that are paid to you under the 'terminal medical condition' condition of release (see page 8 for details).

Tax File Number (TFN)

We are authorised by law to collect your TFN. A form for this purpose is attached to this PDS.

Providing your TFN isn't compulsory but without it or the appropriate exemption information:

- if your account was opened:
 - **before 1 July 2007**, an extra 31.5% tax will be deducted from all Superannuation Guarantee shortfalls when more than \$1,000 of Superannuation Guarantee shortfalls have been made to your account in the financial year or
 - **on or after 1 July 2007**, an extra 31.5% tax will be deducted from all Superannuation Guarantee shortfalls made to your account
- we have to withhold tax from your lump sum benefits at the highest marginal tax rate (plus Medicare levy) until your TFN or exemption is quoted and
- you may encounter difficulties in locating or amalgamating your superannuation benefits in the future including difficulties in obtaining access to superannuation benefits to which you may be entitled.

If you provide your TFN to us, we'll use it only for authorised purposes.

This includes finding or identifying your superannuation benefits where other information is insufficient, calculating tax on any superannuation benefit you may be entitled to, providing information to the ATO and (unless advised in writing otherwise by you) providing it to the trustee of another superannuation fund or to a RSA provider where that trustee or RSA provider is to receive your transferred benefits in the future. Authorised purposes may change in the future as a result of legislative change. Otherwise, your TFN will be treated as confidential.

GST

The GST disclosures in the PDS are of a general nature only. Unless otherwise stated, fees, costs and expenses payable in respect of the management and operation of the AERF, as disclosed in Part 2 of this PDS, include GST less reduced input tax credits (RITCs) if applicable.

Generally, the AERF can't claim a credit for all of the GST paid but may be entitled to claim RITCs which represent 75% of the GST paid on management costs and certain other expenses.

4. Investment information

Investment strategy

With a typical member investment horizon of 25 years or more, the Trustee considers that a diversified investment strategy is appropriate for AERF members.

A diversified investment strategy aims for long-term growth and moderate volatility through investment in a diversified portfolio of cash, fixed interest, property, alternative assets and Australian and international shares.

Investment objective

The investment objective of the AERF is to provide members with long-term growth and moderate volatility through investment in a diversified portfolio with exposure to growth assets (equities and property), alternative assets (such as hedge funds, private equity and infrastructure) and defensive assets (fixed interest and cash).

The Trustee aims to achieve the investment objective by:

- investing with investment managers appointed by the Trustee to gain a diversified, liquid exposure to each asset sector
- adherence to guidelines, or benchmarks, for the amount of the AERF's assets that will be invested in each asset sector at any one time and
- regularly reviewing the combined asset allocation of the AERF to ensure it falls within the investment guidelines.

Investment approach

The investment approach is the method used by us to manage the AERF in order to meet the investment objective.

The AERF doesn't have investment options. Instead, the Trustee invests the AERF's assets across a range of investment products offered by the appointed investment managers.

The underlying assets of each investment product ensure that the AERF gains exposure to various asset classes. This diversity can provide a degree of protection against poor returns.

The Trustee also retains some cash in a bank account, to meet day-to-day administrative requirements, including payment of benefits.

The Trustee regularly monitors investment performance and receives reports from the appointed investment managers at agreed intervals.

Investment guidelines

The Trustee has investment guidelines to assist in achieving the investment objective and to determine the asset allocation of the AERF as part of the investment strategy of the AERF. The Trustee has determined the following benchmark strategic asset allocations for the investment of the AERF's assets.

Asset sector	Benchmark weighting	Benchmark range
Australian shares	24.0%	19.0 – 29.0%
International shares (unhedged)	10.5%	8.0 – 13.0%
International shares (hedged)	10.5%	8.0 – 13.0%
Property (listed, direct and global hedged)	10.0%	5.0 – 15.0%
Alternatives (hedge funds, infrastructure and private equity)	15.0%	10.0 – 20.0%
Australian fixed interest	10.0%	7.5 – 12.5%
International fixed interest	10.0%	7.5 – 12.5%
Cash	10.0%	5.0 – 15.0%

These weightings and ranges may change in the future.

Derivatives

Derivatives are financial investments such as options, futures and swaps. The Trustee doesn't enter into any derivative contracts directly. However, any of the investment managers appointed by the Trustee may use derivatives in the underlying pooled investment products they manage.

The AERF's underlying investment managers that invest directly in derivative instruments must adopt a Derivative Risk Statement that sets down the controls in place to protect against the improper use of derivatives.

Ethical investments

The Trustee doesn't take into account labour standards, environmental, social or ethical considerations in any investment decision relating to the AERF, including the selection or retention of an investment manager.

Further information

Further details about the investment strategy, objective and approach are contained in the AERF's Investment Policy Statement, which is available at Perpetual's website www.perpetual.com.au.

Investment managers

The Trustee may add, remove or replace an appointed investment manager at its discretion at any time, including during the life of this PDS. A list of the currently appointed investment managers may be obtained at www.perpetual.com.au or by contacting the AERF Administrator (see page 2 for contact details).

5. Investment earning rate and crediting strategy

The Trustee determines the earning rate to credit to all member accounts at the end of each reporting period (financial year ending 30 June) having regard to:

- the investment returns of the AERF
- the costs of the AERF (refer to the 'Fees and other costs' section of PDS Part 2) during the reporting period which have not otherwise been charged to member accounts and
- provision for income tax that may be payable by the AERF in relation to taxable income derived during the relevant financial year.

The annual earning rate is usually declared by the Trustee within three months of the end of the financial year. **Your account will not be credited with the annual earning rate until the rate has been declared.**

Historical annual earning rates are detailed in the latest AERF Annual Report for each Sub-Plan. You can obtain a copy of the relevant Annual Report at www.perpetual.com.au or by contacting the AERF Administrator.

The Trustee also declares an interim earning rate for members leaving the AERF during the year. The interim earning rate is generally reviewed on a weekly basis or as otherwise required due to market conditions. The Trustee reviews the interim earning rates having regard to:

- the investment returns of the AERF since the last annual earning rate was declared
- the costs incurred by the AERF which may include estimates for some costs and
- an estimation of income tax that may be payable by the AERF.

If you leave the AERF between 30 June and the date that the annual earning rate is declared you will receive the interim earning rate applicable at the time of your departure.

Past performance is not indicative of future performance. Losses may occur. The Trustee, the AERF Administrator and the appointed investment managers do not guarantee any particular rate of return.

6. The risks of investing

There are a number of significant risks that may potentially affect the value of the AERF's investments and your member account balance in the AERF. While it is not possible to identify every risk factor relevant to investing in the AERF, we have detailed the significant risks below.

Investment risk

The value of the AERF's investments may fall, which means that you may receive back less than your original investment when you withdraw.

It is possible that your investment value may increase or decrease considerably over short periods of time – the degree to which an investment's value changes is called volatility.

Each underlying investment will have a different level of volatility which depends on the type of assets held in the underlying investment. Historically, shares have demonstrated greater volatility than other types of investments such as property, mortgages, fixed interest securities or cash.

Market risk

This is the risk that certain events will have a negative effect on the price of all types of investments within a particular market, for example the stock market for shares or the bond market for fixed interest securities. These events may include changes in economic, social, technological, political, legal, tax or accounting conditions, as well as market sentiment. These factors can affect both Australian and international markets and less developed financial markets in particular.

Asset risk

This is the risk that a particular asset that an appointed investment manager invests in falls in value, which may result in a reduction in the value of your investment.

Types of asset risk include:

- **Fixed interest and cash:** The significant risk is that the issuer of the security doesn't repay the principal or make interest payments. The market value of fixed interest securities can also fall significantly when interest rates rise.
- **Mortgages:** The significant risks for these types of fixed income investments are that the borrower doesn't make the loan repayments and the sale proceeds from the property securing the loan are less than the principal and outstanding interest. Income payments (which reflect the return on the investment) will vary depending on each borrower's ability to make interest repayments and current interest rates. Falling interest rates can also result in lower income payments. If the loan is for property construction, there is the risk that the construction is delayed or over budget.

- **Listed property:** The significant risk is that a listed property security falls in value for a variety of reasons. These may include declining investor confidence in sharemarkets or an underlying property investment falling in value or not producing sufficient (or any) rental income due to poor management decisions, loss of tenants, changing rental rates or a competing new development. Rising interest rates can also decrease the value of the property. Management and development activities can also increase the risk in listed property trusts.
- **Unlisted property:** Unlisted property isn't listed on the sharemarket, so it's not directly influenced by movements in equity markets. The significant risk for this investment is that the property value falls or it doesn't produce sufficient (or any) rental income. Unlisted property can also be affected by liquidity risk, which is the risk of not being able to redeem an investment within a required timeframe. Money invested in unlisted property is usually required for a long period and the market for the redemption of unlisted property investments can be limited.
- **Shares:** The significant risk for these investments is that shares and other equity securities fall in value or don't pay income for a variety of reasons. These include poor management or changes in a company's competitive environment or internal operations. Rising interest rates can also have a negative impact on a company's value as increased borrowing costs may cause earnings to decline, so its share price may fall.
- **Alternative assets:** These are investments outside of the traditional asset classes and include private equity, infrastructure and hedge funds.
- **Private equity:** The risks associated with shares generally also apply to private equity investments but because they aren't listed on a public exchange other risks also apply. These include liquidity risk or the risk of only being able to sell or transfer a private equity investment in a limited market at a discount, which may reduce the value of investments or delay the repayment. Private equity portfolios may also be more volatile because they're usually less diversified and often concentrated in a limited number of investments. They may include investment in immature or emerging companies which are higher risk investments.
- **Infrastructure:** The significant risks are construction risk, operation risk, liquidity risk and interest rate risk.

Construction risk is the risk that the building of the infrastructure project is delayed or is over budget.

Operation risk is the risk that the infrastructure investment is inefficiently operated and maintained.

Liquidity risk is the risk that once invested in an infrastructure investment it can be hard to sell the investment. Money invested in an infrastructure investment is usually required for a long time and the market for selling it can be very limited.

Rising interest rates can also have a negative impact on the project as some infrastructure investments are highly geared.

- **Hedge funds:** Hedge funds can display characteristics of either growth or defensive alternatives, depending on the actual underlying assets and investment techniques used by the investment manager.

The risks associated with traditional fixed-interest and equity securities apply to hedge funds, in addition to a range of unique risks associated with the investment techniques employed by hedge funds.

- **Derivatives:** A derivative is a financial instrument that derives its value from the price of a physical security or market index. The significant risk for these investments is that losses can occur if there is an adverse movement in the asset underlying the derivative.

Derivatives can be used by investment managers for the following purposes in the management of their funds:

- to protect against changes in the market value of existing investments in a managed fund
- to achieve a desired investment position without buying or selling the underlying physical asset
- to manage actual and anticipated interest rate and credit risk for mortgages, cash and fixed-interest asset classes
- to protect against adverse currency movements
- for broader speculative purposes to increase returns.

When you invest in an asset class which aims to provide higher returns (eg. shares), you are generally exposed to a higher risk that the value of the asset may decline. Conversely, if you invest in an asset class which aims to provide lower returns, you are generally exposed to a lower risk that the value of the asset may decline in the short term.

Currency risk

Investment in international markets usually involves currency risk, which is the potential for adverse movements in exchange rates to reduce the Australian dollar value of international investments. For example, if the Australian dollar falls the value of international investments expressed in Australian dollars can increase. Conversely, if the Australian dollar rises the value of international investments expressed in Australian dollars can decrease.

Currency risk potentially applies to all investments that have international assets exposure (such as investments in international shares and/or fixed interest securities).

Other risks

There are also risks that are inherent within managed investments which include:

- the investment professionals employed by the investment managers appointed by the Trustee may change, which may affect the future performance of their underlying fund
- investing in a fund with a smaller number of investments may lead to more volatile returns than investing in a fund with a more diversified portfolio and
- an underlying fund may be terminated.

Managing these risks

While we cannot completely eliminate investment risks, we aim to manage the impact of these risks through the use of consistent and carefully considered investment guidelines.

How can you manage your risk?

The most significant risk in any type of investing is that you may not reach your financial goals. When investing it is important to consider your investment timeframe, your investment objectives and your risk tolerance.

7. Further information

Reporting

Once you are a member of the AERF you will be provided with:

- a confirmation letter detailing the amount transferred to the AERF by your previous fund and a copy of this PDS. These documents are issued as soon as practicable after you become a member of the fund
- an annual report (including abridged financial statements) for each financial year ending 30 June
- an annual statement at least yearly or when you exit the AERF and
- any other confirmations of transactions that we are required to report on.

Cooling off

The cooling off provisions of the Corporations Act don't apply to transfers into the AERF.

Your privacy

Privacy laws apply to the handling of personal information by the Trustee. We collect personal information about you from your previous fund (and potentially also from you after you become a member of the AERF) to:

- establish and support the ongoing administration of your investment in the AERF
- advise you of new developments relevant to your investment in the AERF
- assist us in locating you if you have become a lost member and
- conduct cross-fund matching searches (where we use your information to search for an active account in your name in another superannuation fund).

By being a member of the AERF, you agree with such usage. We will not be able to administer your investment if we are not provided with your personal information.

Disclosure

We may disclose your personal information to external parties that provide services to us in relation to the AERF (for example, the AERF Administrator, other service providers, providers of printing or postal services). Otherwise, we will not disclose your personal information to any other external parties unless required by law.

We may be required to provide certain information about your interest in the AERF to:

- a spouse or
- a person who intends to enter into an agreement with you about splitting your superannuation in the event of separation of marriage or divorce.

The request must be in a form prescribed by law. SIS prevents us from telling you about such a request.

Access

You may be entitled to access all personal information which the Perpetual Group holds about you. You also have the right to ask us to correct information about you which is inaccurate, incomplete or out of date. If you have any questions, please contact the AERF Administrator.

Anti-Money Laundering/Counter-Terrorism Financing laws

The rules

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing.

Under the AML/CTF Act:

- we are required to verify your identity before paying benefits to you, and to re-identify you, if we consider it necessary to do so and
- where you supply documentation relating to the verification of your identity, we must keep a record of this documentation for seven years.

To ensure we comply with our obligations under the law, we have implemented a number of measures and controls including identifying and monitoring members.

Consequences of compliance

As a result of the implementation of our compliance program:

- transactions may be delayed, blocked, frozen or refused where we have reasonable grounds to believe that the transaction breaches Australian law or sanctions or the law or sanctions of any other country
- where transactions are delayed, blocked, frozen or refused, we are not liable for any loss you suffer (including consequential loss) as a result of our compliance with the AML/CTF Act as it applies to the AERF and
- we may from time to time require additional information from you to assist us in this process.

Reporting obligations

We have certain reporting obligations under the AML/CTF Act. The legislation prevents us from informing you that any such reporting has taken place. Where legally obliged to do so, we may disclose the information gathered to regulatory and/or law enforcement agencies, including the Australian Transaction Reports and Analysis Centre (AUSTRAC), which is responsible for regulating the AML/CTF Act.

Your complaints

The Trustee has established procedures for dealing with member enquiries and complaints. If you have an enquiry or a complaint, you can either call the AERF Administrator on 1800 677 424 during business hours or write to the AERF Administrator at the following address:

Complaints Manager, Customer Relations
Australian Eligible Rollover Fund
Replied Paid 41
Sydney NSW 2001

The AERF Administrator on behalf of the Trustee will endeavour to satisfy your enquiry within 30 days and must respond to complaints within 90 days.

If you're not happy with a Trustee decision that 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 (SCT). The SCT is an independent body established by the Commonwealth Government to review certain types of trustee decisions. You can phone the SCT from anywhere in Australia on 1300 780 808.

Relationship between the Trustee and related companies

The Trustee advises you that under the law, where the Trustee invests money of the AERF in or with a related company, it must deal with that company strictly on arm's length terms.

Death benefits

In the event of your death, your benefit will be paid to one or more of your dependants or to your legal personal representative at the Trustee's discretion. The Trust Deed permits you to give a non-binding nomination where you can indicate to the Trustee your preferences as to whom you would like your benefit to be paid. The Trustee will have regard to the nomination when considering how your benefit should be paid, but is not bound by it. The Trust Deed does not permit you to give a binding nomination to the Trustee.

For the purposes of paying a death benefit under SIS, a dependant is a:

- spouse (including a de facto spouse)
- child, adopted child, step-child, ex-nuptial child
- person who you have an ‘interdependency relationship’ with (see below)
- person who is financially dependent on you at the date of death.

Two people have an ‘interdependency relationship’ if:

1. they have a close personal relationship and
2. they live together and
3. one or each of them provides the other with financial support and
4. one or each of them provides the other with domestic support and personal care.

If a close personal relationship exists but the other requirements for interdependency aren’t satisfied because of a physical, intellectual or psychiatric disability, then there is also an interdependency relationship.

This definition of a dependant is currently different to the one for tax purposes, where a child must be less than 18 years of age to be considered a dependant (see ‘Tax on death benefits’ on page 13 for details).

The Trust Deed

The Trust Deed, dated 20 June 1994 (as amended), together with the law govern the operation of the AERF and the rights and obligations of members and the Trustee. In addition the Trust Deed deals with a number of matters including:

- the management of the AERF
- valuation of the AERF’s assets
- the circumstances under which the Trustee may retire
- the circumstances under which the AERF must be terminated
- fees and expenses payable to the Trustee and
- the Trustee’s power to amend the Trust Deed.

Information you can request

You can obtain a copy of the following information on written request to the AERF Administrator by mail or fax (refer to page 2 for the contact details):

- Trust Deed
- latest APRA return and notices
- audited financial statements and auditor's report and
- any other information in existence which you may need to help you understand your benefit entitlements, or which will help you to make an informed judgement about the management, financial condition or investment performance of the AERF.

If the same information has been provided to you within the 12 months before your current request you may be charged a fee. Any fee will not be more than the reasonable cost to the AERF of providing you with the information.

Changing your contact details

Once you have joined the AERF, you can contact the AERF Administrator to change your contact details, your name, your address or your nominated beneficiaries.

Please note that any change to your name will require verification of the name change before your membership details can be updated. Such verification may include:

- a copy of your marriage certificate
- a copy of divorce papers and birth certificate/marriage certificate (to show maiden name) or
- a copy of a change of name form by deed poll.

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Section 7: Identification Requirements (continued)

Primary Photographic Identification

- Australian Passport issued by the Commonwealth, which has not been expired for 2 years or more.
- Drivers licence issued in Australia that contains a photograph of the person in whose name the document is issued.
- Proof of Age Cards issued under a law of a state or territory that contains a photograph of the person in whose name the document is issued.
- NSW Photo Card and Birth Card (not currently available in other states).
- International Passport or similar document issued for the purpose of international travel which:
 - Contains a photograph and signature of the person in whose name the document is issued; and
 - Is issued by a foreign government, the United Nations (UN) or an agency of the UN.
- A national identity card issued for the purpose of identity which:
 - Contains a photograph and signature of the person in whose name the document is issued; and
 - Issued by a foreign government, the United Nations (UN) or an agency of the UN.

Primary Non-Photographic Identification

- Birth Certificate or Birth Extract issued by an Australian State or Territory;
- Birth Certificate issued by a foreign government, the United Nations (UN) or an agency of the UN.
- Citizenship Certificate issued by the Commonwealth.
- Citizenship Certificate issued by a foreign government.
- A pension card issued by Centrelink that entitles the person whose name the card is issued, to financial benefits.

Secondary Identification

- A notice that was issued by the Commonwealth, State or Territory within the preceding 12 months that records the provision of financial benefits; or
- A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual); or
- A notice issued by a local government body or utilities provider (e.g. gas, electricity, water rates) within the preceding 3 months that records the provision of services to that address or to that person.
- For those individuals under 18, a notice issued by a School Principal within the preceding 3 months that records the name and residential address of the person and the period of time the person attended the school.
- Overseas Drivers Licence.

*Who can certify a document?

To have documents certified, please take the original documents and photocopies to any one of the following persons for him/her to certify that they are true and correct copies of the originals:

- a) A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner;
- b) A judge of a court;
- c) A magistrate;
- d) A chief executive officer of a Commonwealth court;
- e) A registrar or deputy registrar of a court;
- f) A Justice of the Peace;
- g) A notary public (for the purposes of the Statutory Declaration Regulations 1993);
- h) A police officer;
- i) (Postal Agent) An agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- j) (Post Office) A permanent employee of The Australian Postal Corporation with two (2) or more years of continuous service who is employed in an office supplying postal services to the public;
- k) An Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955);
- l) An officer with two (2) or more continuous years of service with one or more financial institutions (for the purpose of the Statutory Declaration Regulations 1993);
- m) A finance company officer with two (2) or more continuous years of service with one or more financial companies (for the purpose of the Statutory Declaration Regulations 1993);
- n) An officer with, or authorised representative of, a holder of an Australian financial services licence, having two (2) or more continuous years of service with one or more licensees;
- o) A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two (2) or more years of continuous membership.

Section 8: Tax File Number Notification

If you have not previously provided your Tax File Number (TFN) you may quote it here. If we have your TFN we will deduct any tax payable at the rate applicable to superannuation benefits. However, if we do not have your TFN, we must deduct tax at the highest marginal rate plus the Medicare Levy. Please refer to the Product Disclosure Statement for further information.

Contributions made between 20 August 1996 and 30 June 2005 may be subject to the superannuation surcharge.

Tax File Number: - -

If you are rolling over your benefit and have provided your TFN, it may be provided to your nominated superannuation fund or Retirement Savings Account provider unless you notify us, in the box below, not to forward your TFN. It may also be given to the ATO. Otherwise it will be kept confidential.

I do **not** want to pass on my TFN.

Section 9: Declaration and Authorisation

By signing this request form I am making the following statements:

- I declare I have fully read this form and the information completed is true and correct
- I am aware I may ask my superannuation provider for information about any fees or charges that may apply, or any other information about the effect this transfer may have on my benefits, and do not require any further information.
- If the TO fund is a self managed superannuation fund (SMSF), I confirm that I am a member, trustee or director of a corporate trustee of the SMSF.
- I discharge the AERF of all further liability in respect of the benefits paid and transferred to my TO fund.
- If transferring to a SMSF I declare that I am aware that SMSFs are subject to the same rules and restrictions as other super funds when benefits are paid out. In particular, super benefits in a SMSF are required to be 'preserved' meaning they are not generally able to be accessed, unless I am over age 55 (or preservation age) and retired.

I request and consent to the transfer of superannuation as described above and authorise the superannuation provider of each fund to give effect to this transfer. In addition I hereby declare that all information supplied on the AERF **Benefit Claim Form** and related attachments are true and correct.

Member's Signature _____ Date ____ / ____ / ____

Return completed forms to: Australian Eligible Rollover Fund
C/- Jacques Martin Administration and Consulting Pty Ltd
Locked Bag 5429, PARRAMATTA NSW 2124

Phone: 1800 677 424
Fax: (02) 9947 4411

Enquiries

Jacques Martin
Administration and Consulting Pty Ltd

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Telephone – 1800 677 424
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QM05 PDS 0708

Perpetual



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Administration and Consulting Pty Ltd