

NGS Super CEO update

October 2010

(incorporating Board Meeting outcomes)



Anthony Rodwell-Ball
Chief Executive Officer, NGS Super

CEO update as at 25 October 2010

In addition to reporting on the Board's deliberations at its October meeting, there are two topical matters that are worthy of commentary:

Reporting back to members and employers

It has been my pleasure and privilege to be involved in a number of sessions over the last few months in Adelaide, Melbourne and Sydney which have provided opportunities to engage with members and employers, provide an update on markets and the Fund, and, most importantly, gather the feedback which is so critical to us in continuing to focus on key member issues.

For the first time, we held briefing sessions with members in our Pension division, and it struck me forcibly that members in the decumulation phase (during retirement) need to keep their retirement savings in an 'all profits to members', low fee fund to a greater degree than even do members

in accumulation (working) phase. Unfortunately, what we often see is the reverse: members seeking advice prior to retiring from commissioned financial planners who advise them to subscribe to expensive retirement pension products that eat away at the nest eggs that have been built up by dint of careful saving over decades before.

NGS Super encourages you to consider this when planning for retirement, and, while respecting your right to seek advice widely, reminds members that NGS Financial Planners are not paid commissions and are directed to act **solely in the best interests of members**.

NGS Super Scholarship Awards

It is very pleasing to report that over one hundred applications were received for the inaugural NGS Scholarships, from applicants in the three categories of Teaching, Management and Ancillary staff. The applications were of a very high calibre indeed and it presented the Board sub-committee which adjudicated the results a significant challenge in determining the finalists and the eventual winners.

NGS has been delighted with both the process and the feedback from members, and will continue the programme next year. What became very clear through the evaluation process was the passion, professionalism and commitment of the people who work in the independent education sector.

We are both proud and humbled to be part of all of your lives, in providing a superannuation savings vehicle for you, and delighted to be able to contribute in some small way to investing back into the community that we serve by means of this programme.

October Board Meeting: outcomes

The Board and its various Committees met on Monday 11 and Tuesday 12 October and major topics discussed at these meetings included:

Investment Committee: Investment environment and results

The Investment Committee and Board comprehensively reviewed investment returns by investment option, asset sector and investment manager for the period ending 30 September.

The Board noted that NGS Super had achieved outstanding results in the first quarter of 2010/2011:

NGS Super Diversified Option versus SuperRatings Indices*					
As at 30 September 2010	Financial Year to Date	3 Years % pa	5 Years % pa	7 Years % pa	10 Years % pa
NGS Super Diversified	5.06%	-1.12%	4.77%	7.26%	5.79%
versus SuperRatings SR50 Balanced median	4.01%	-2.95%	3.11%	6.55%	4.93%
Rank	1	4	3	10	5
Quartile	1	1	1	2	1

While the Board noted the dangers in taking a 'short term' view of returns and investment horizons, it noted that results for the 3, 5, 7 and 10 year time periods reveal consistent, median-beating performance, vindicating the NGS Trustee's policy of active management of the portfolio and the taking of 'judicious risk'.

The quarter in review:

It was noted that above result for the Diversified Option was achieved by strong performance in the underlying asset classes over the period. Looking at the individual sector performance, it is noteworthy that the Diversified as well as the other balanced options, (Conservative, Defensive and Growth) received a positive relative contribution from Cash, Fixed Interest, Property, and Australian Shares with all of these investment options ranked in the 1st quartile. The running yield on the term deposit portfolio has improved and now sits at 6.14%.

The Board noted that it is particularly pleasing to see the continued strong relative performance over the longer term from the majority of NGS's investment options, and improvement in those that had lagged the peer group average historically. For example, at September 2009 the Cash option was ranked 28th over the 1 year period and in the 3rd quartile, however it is now ranked 10th and sits within the 1st quartile.

The portfolio has continued to evolve to take advantage of ongoing changes in the global economy with the introduction of two specific resource mandates, and a 'China A' Share allocation. The Board discussed the changes made to its Medium Term Asset Allocation which have provided another point of difference against the peer group.

Risk, Audit, Finance and Compliance Committee (RAFC Committee)

The RAFC Committee, and subsequently the Board, reviewed, discussed, and where appropriate, approved:

- The audited financial statements for both the Fund and the Trustee for the period ended 30 June 2010, noting that the auditors had provided an unqualified audit opinion
- Annual returns to ASIC and APRA
- Trustee operating statements to 31 August, noting that as income was in line with budget and expenses well contained, the bottom line result was better than budget
- The quarterly suite of Compliance and Risk Management reports.

Marketing Committee

The Marketing Committee and Board reviewed reports outlining marketing and communications activities undertaken since the last Board meeting. The following were noted:

- A number of successful member and employer engagement events have been held since the last Board meeting
- Results were to hand from the FEAL 'net promoter score' surveys, and showed a significant improvement in member satisfaction levels, largely driven by the quality service provided by the call centre
- This result was supported by a quarterly online survey conducted by Mercer itself as an ongoing initiative to ensure that it is providing appropriate service to NGS members
- Reports updating the Committee and Board on the Sharia Law compliant option, and the feasibility of introducing a 'true index' investment option.

General matters

The Board:

- noted and endorsed the recommendations of the Insurance and Claims Review Committee
- noted the progress being made in the planning for the merger with Cuesuper.

Next meetings

It was noted that the next meetings of the Board and Committees would be as follows:

Investment Committee meeting:

Monday 29 October 2010

Board meeting:

Tuesday 30 November 2010

* SuperRatings survey of SR50 Balanced funds

Contact us

Level 16
99 Bathurst Street
Sydney NSW 2000

www.ngssuper.com

Telephone: +61 2 9273 7900

Fax: +61 2 9283 8783