

# NGS Super CEO update

February 2010

(incorporating Board Meeting outcomes)



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Chief Executive Officer, NGS Super

## CEO operational update

Since the last *Update*, work has continued apace in the Trustee Office on a number of initiatives:

### 1. Transition from Precision Administrative Services to Mercer.

It is pleasing to report that the transfer of back-office administration services from Precision to Mercer is now complete, the backlog cleared and work far advanced for the production of the half year member statements.

I would like to thank both members and employers for their patience during the period when accounts were off-line, and contribution processing was suspended. Work continues with employers to migrate as many as possible to using web-based facilities for transmitting contributions on behalf of members, as this methodology assists with 'straight-through processing' which is more efficient and accurate. It is pleasing that over 60% of members' monthly

contributions are now being processed in this way, a very high proportion compared with the industry at large.

### 2. Financial planning and advice services

NGS Financial Planning was launched in August, and the financial planners continue to be very busy in face-to-face meetings with members, as well as supporting the Fund's education and seminar programme. Being school holidays, January was a particularly busy period for the planners, but ongoing bookings in February and March have also been strong.

The staffing model is currently under review and, due to growing demand, action is in hand to add additional resources to support this service.

There has also been significant interest in, and uptake of, the new telephone advice line, which focuses on single issue superannuation advice. NGS Super is proud to be in a position to provide a holistic financial advisory service to members and is considering ways in which this can be enhanced even further.

Members are encouraged to ring NGS Super on **1300 133 177** should they require financial advice.

### 3. New Pension division default product

NGS Super has launched a new Member Investment Choice option in its Pension division, with effect from 1 January 2010. Called the Moderate Growth option, it has been established as the default option for all new Pension members and has been designed with two key features in mind:

- less of an exposure to growth style assets and a higher exposure to defensive assets than that offered by the Diversified option
- a higher level of investment in liquid assets, reflecting the need for liquidity in the pension phase.

A new *Pension Guide* (Product Disclosure Statement) has been developed and the website is being updated to include a new, dedicated tab for Pension division members.

## February Board Meeting: outcomes

The Investment Committee met on Monday 18 January and Monday 8 February, and the Board and four Committees of the Board:

- Claims Review and Insurance
- Marketing
- Risk, Audit, Finance and Compliance
- Human Resources and Remuneration

met on Monday 8 and Tuesday 9 February.

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 periods to 30 November and 31 December respectively. The Board noted that markets had performed well in November and December, but had lost ground in January. The year-to-date return for December for the Diversified

option in the Accumulation division was 12.45%. It was noted that the Diversified option was placed in the second quartile of results for the YTD and one year periods, and in the top quartile over three and five years, based on the SuperRatings December 2009 survey.\*

The Committee (and Board) also discussed the following:

- the Custodian's Rolling Manager Returns by asset class and asset allocation reports for November and December 2009
- the JANA (asset consultants) quarterly asset allocation report
- the JANA quarterly report reviewing the performance of the portfolio for the quarter and providing detailed commentary on individual managers
- reports on China and India (and their ongoing impacts on the Australian economy), following on from research trips performed by the Investment Counsel
- papers on tactical asset allocation and asset selection prepared by JANA and the Investment Counsel
- a paper on proposed changes to the diversified bonds and cash portfolios
- a paper prepared by JANA on the Pension default option, proposing an appropriate investment strategy and objectives, which was approved by the Board
- papers on the Fund's liquidity position as well as a paper analysing and contrasting the international equity managers' styles and differing contributions to the portfolio.

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

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

- the financial operating results for both the Fund and the Trustee for the period ended 31 December 2009 and noted that expenses continued to be well contained within budget
- a report from the Fund's auditors (Ernst & Young) describing their initial findings arising out of the audit that they had performed on the transition of back-office functions from Precision Administration Services to Mercer
- the results of a (successful) disaster recovery test performed on IT systems in January
- a suite of quarterly 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. It was noted that:

- the new default option in the Pension division had now been successfully launched, supported by all the necessary marketing collateral
- the Fund had received the SuperRatings benchmarking report for the period to 30 June 2009, and had scored the highest rating in four out of the six categories assessed. It was noted that after reviewing NGS Super's administration arrangements, the rating for administration had also improved

- a proposal for segmentation research had been received and this research would be undertaken in the first quarter, with the intention of gaining a better understanding of what is most important to the major member segments within the Fund
- staff and management participation in a review of the Fund's Strategic Plan and 2010/2011 Business Plan had commenced, with a view to tabling refreshed and updated documents for review at the Board Strategy conference in March.

## General matters

### The Board:

- noted and endorsed the recommendations of the Insurance and Claims Review Committee
- noted that the Human Resources and Remuneration Committee was scheduled to meet after the Board meeting and would provide a report to the Board on its deliberations in May.

### Next meetings

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

**Board Strategy/Planning days:**  
Thursday 11 and Friday 12 March

**Investment Committee meeting and Strategic Review:**  
Tuesday 30 and Wednesday 31 March

**Board meeting:**  
11 May 2010, with an Investment Committee meeting preceding this on Monday 10 May.

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\* SuperRatings survey of SR50 Balanced funds