

# ACT Super Management Pty Limited

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19 February 2010

Dear Member

**Astarra Superannuation Plan ABN 43 724 394 795**

**Astarra Personal Pension Plan ABN 74 351 127 106**

**My Retirement Plan ABN 23 732 008 457**

**The Employers Federation of NSW Superannuation Plan ABN 31 061 350 115**

**Astarra Pooled Superannuation Trust ABN 71 340 939 814**

**(collectively "the Funds")**

## Introduction

As members will be aware, ACT Super Management Pty Ltd ("ACT Super") was appointed as the Acting Trustee of the Funds by APRA on 16 December 2009 pursuant to Section 134(1) of the Superannuation Industry (Supervision) Act 1993 ("the Act").

On the same date, Neil Singleton, Steve Parbery and Nicholas Martin of PPB were appointed Voluntary Administrators of Trio Capital Limited ("Trio"). Trio was the former trustee of the Funds. Trio remains the Responsible Entity of the managed investment schemes ("the schemes") into which the vast majority of the money received by the Funds was invested.

I refer to the previous communications and Significant Event Notices issued by ACT Super.

This notice provides an update to members on the APRA freeze orders issued in respect of the Funds, the payment of pensions and the current activities of the Acting Trustee to seek a resolution on this matter and effect the transfer of members' entitlements to other superannuation trustees.

## 1. APRA freeze orders

On 21 October 2009, APRA issued Trio, as the former trustee of the Funds, with a freeze order under Section 264 of the Act. The effect of the freeze order was to restrict the acceptance of new contributions and roll-overs into the Funds and restrict payments from the Funds.

The freeze orders allowed for pension payments, hardship payments, and compassionate payments where the Acting Trustee had sufficient cash within the relevant superannuation investment options and was able to determine a unit price for processing the transaction.

Members will be aware that the APRA freeze order was due to expire on 19 February 2010. However, as a result of the factors identified below, ACT Super has requested APRA to extend the freeze order for a one month period. APRA has agreed to the extension request and hence the freeze orders will remain in effect until 19 March 2010.

Factors leading to ACT Super's request for an extension to the freeze order include:

- + currently the Acting Trustee has limited access to cash to enable payments to be made to members.
- + the Acting Trustee is seeking additional cash from the redemption of units in the managed investment schemes in which the Funds are invested. Given that the vast majority of the Funds' assets are units in the schemes, this process is the most crucial

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for ACT Super to generate cash to pay to members either by way of pension payments or to effect roll-overs to other superannuation trustees.

- + ACT Super has to date lodged approximately \$2.4 million of redemption requests with PPB to enable the Funds to access sufficient cash to pay pensions and other benefit payments. To date, the Acting Trustee has received \$80,000 from these redemption requests.
- + PPB is in the process of seeking clarity from the Court in respect of a number of issues in connection with Trio's responsibilities as the Responsible Entity (RE) for the schemes. This includes the determination of interim unit prices for the schemes so as to enable redemption requests to be allowed. The determination of interim unit prices requires interim values to be determined for the schemes exposures to problematic assets. We understand that until clarity is obtained on this issue (expected within the next month), PPB will not be in a position to meet redemption requests from the Acting Trustee in respect of most of the schemes.
- + As detailed below, we are looking at other alternatives to access cash more quickly for the purpose of meeting past and future pension and hardship or compassionate payments. However, until ACT Super has the general ability to access cash from the schemes, its ability to make payments from many of the investment options within the Funds is severely limited.
- + We are working with PPB to seek clarity in relation to the status of the schemes into which the Funds have invested. This may result in the transition of some schemes to new REs and is also likely to lead to some schemes being wound up. We expect it may be one month before the status of each of the schemes is known. This is discussed in more detail below.

Whilst the freeze remains in place, members should make arrangements for their compulsory superannuation contributions and personal contributions to be made to alternative superannuation funds. Given that the Acting Trustee is likely to recommend that the Funds either be wound-up or transferred to new superannuation trustees, it is unlikely that the Acting Trustee will accept any further contributions whilst it remains as Acting Trustee of the Funds.

## 2. Current activities of the Acting Trustee

Since the appointment of ACT Super, the view of the Acting Trustee has been that the status of the underlying investments of the Funds (predominantly the managed investment schemes in which the Funds have invested) need to be clarified and appropriate unit prices set by the RE of these schemes before the unit prices for the Funds can be established.

Importantly, the majority of assets that reside within the schemes where the Funds have invested appear to be strong assets that are relatively liquid and have a readily ascertainable market value. These assets include cash in bank accounts, term deposit cash accounts, shares in Australian companies and units in listed trusts. It is also important to note that these assets are still generating returns that are being accrued to the Funds and members' balances.

The Acting Trustee is focused on ensuring that these assets are managed appropriately in order to facilitate a solution in the short term that can enable the transition of the Funds (or the individual members balances in the Funds) to new superannuation trustees.

As the Acting Trustee of the Funds, ACT Super has been exploring two broad strategies to achieve this outcome, being:

- + the winding up of the Funds with members' balances being rolled over to either:
  - the superannuation funds nominated by individual members; or
  - a superannuation fund selected by ACT Super (a successor fund transfer); and

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- + the transfer of a Fund to a replacement superannuation trustee selected by ACT Super.

To determine which of these strategies should be pursued for each of the Funds, it is the view of the Acting Trustee that the status of the schemes into which the Funds have invested must be clarified before the future of the Funds can be determined. .

Since the commencement of the Acting Trusteeship, we have been working with PPB to clarify the status of the underlying schemes that the Funds have invested in.

ACT Super is mindful that many of the schemes into which the Funds have invested also have external investors. We believe that the schemes that have strong underlying assets with no (or minor) exposure to the problematic assets should be transitioned from Trio to a new RE as a matter of priority where possible. Discussions have commenced with a number of potential new REs and appropriate due diligence is currently being undertaken by them. The outcome of whether the schemes can be transitioned to new REs is likely to be known within a month.

If new REs cannot be found, it is likely that the schemes will need to be wound up with their assets realised in an orderly manner so as to preserve value in the schemes. This scenario is more likely to lead to a winding up of the Funds with members' balances being rolled-over into new superannuation funds.

As discussed in previous Significant Event Notices, there are three schemes into which the Funds have invested which have significant exposure to problematic assets. It has been agreed with PPB that an application will be made to Court to seek the winding up of these schemes. This was dealt with in the notice to unit holders issued by PPB on 8 February 2010. The winding up of those schemes will allow for the orderly realisation of their assets.

As indicated above, the options of winding up the Funds (and transferring members' benefits to a superannuation fund nominated by the member), transferring the Funds to a replacement superannuation trustee or effecting successor fund transfers are being considered. These options, when pursued, will be managed as quickly as possible whilst being mindful to preserve the value of the Funds' assets.

Other recent activities of the Acting Trustee include:

- + refunding contributions received after the APRA freeze.
- + considering hardship and compassionate applications made by members.
- + reporting to APRA on the status of the Funds.
- + deciding to continue to fund the property activities being undertaken by Ualan Property Holdings Pty Limited ("UPH") in order to preserve the value of the units held in that entity and the loans made to UPH by the Funds prior to our appointment . Whilst we have decided to provide further funding to UPH, we are taking steps to appropriately manage the risk associated with further funding.
- + dealing with the other investments of the Funds including investments in two Millhouse unit trusts.

### 3. Pension payments

As indicated in the Acting Trustee's previous communications, there is insufficient cash within the investment options of some of the Funds to enable pension payments to occur. Set out below is an update of the status of the pension payments for each superannuation fund.

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## ***My Retirement Plan (Seagrims sub-plan)***

The pension payments that were due to be paid to members on 1 January 2010 and 1 February 2010 have been paid.

Sufficient cash is currently held in respect of the investment options where the pensioners of this superannuation fund reside to enable the pension payment due to be paid on 1 March 2010 to occur.

## ***My Retirement Plan (non Seagrims sub-plan)***

Until recently, there has been insufficient cash held in the relevant investment options where the pensioners of this superannuation fund reside to enable the pension payments to occur.

However, in early February, ACT Super received \$80,000 from a redemption request which enabled ACT Super to pay pensioners their January pension payment.

With regard to February pension payments, ACT Super is unable to pay these amounts until it receives the proceeds of a redemption request of \$60,000. We anticipate receiving \$60,000 from this redemption request shortly and will pay the February pension payments immediately thereafter.

## ***Astarra Personal Pension Plan***

Insufficient cash is held in the relevant investment options selected by the pensioners of this superannuation fund to have enabled pension payments to occur to date. ACT Super has issued three redemption requests to PPB to redeem units in the Astar Wholesale Portfolio Service to enable the January, February and March pension payments to be made.

The Astar Wholesale Portfolio Service is one of the schemes for which an application is being made to Court for its winding up as over half of the assets of that scheme are represented by problematic assets. It is likely that the winding up application will also seek directions in relation to unit pricing as discussed previously. It is expected that this application may not be heard for several weeks.

Given this delay, PPB has agreed to seek directions in relation to a return of capital as part of a separate Court application being made this week that deals with their costs and the appropriate RE fees that can be charged to the schemes. Given that the Funds represent 92% of the unit holders in this scheme and the importance of the application for pensioners, an expedited hearing is being heard on 19 February 2010.

If the Court directs that PPB proceed with a return of capital, it is hoped that ACT Super would be in a position to pay the January and February pension payment to the relevant members within several weeks.

## **General**

The Acting Trustee will provide further updates to members in due course.

In the meantime, members, members seeking further information can phone the Trio contact centre on the following numbers:

- Astarra Superannuation Plan and Personal Pension Plan  
1800 064 694
- Astarr Superannuation Service

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- 1300 616 898
- My Retirement Plan  
1300 367 111
- Seagrims Retirement Plan  
1300 233 151
- TIC Super  
1300 960 090
- Titanium Retirement Fund  
1300 121 501
- The Employers Federation of NSW Superannuation Plan  
(02) 6041 9300

Yours sincerely



Mike Hill  
Director  
ACT Super Management Pty Ltd