

# **ACT Super Management Pty Limited**

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8 January 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 superannuation entities")**

## **Introduction**

I refer to the appointment of ACT Super Management Pty Ltd ("ACT Super") as the Acting Trustee of the above superannuation entities and the significant event notice of 17 December 2009.

As advised on 24 December 2009, the Acting Trustee has been working with the Astarra staff and the Administrators appointed to Trio Capital Limited (Administrators Appointed) ("Trio" or "the former trustee") to establish the position of each superannuation entity and the investments that the entities have made.

The purpose of this update is to provide members of the above superannuation entities with greater understanding as to the underlying investments of those entities. In addition, this notice may provide clarity to those members who are awaiting receipt of pension payments.

## **Assets of the superannuation entities**

ACT Super is currently working with the former trustee to understand the nature of the assets of the superannuation entities. With some small exceptions, the former trustee appears to have invested the funds of the superannuation entities into Managed Investment Schemes (MIS) for which Trio was the Responsible Entity.

MISs are investment vehicles whereby investors (which include the superannuation entities) hold units in an MIS that in turn holds a number of underlying investments. These underlying investments include assets such as cash, shares, unit trusts and property. Whilst most of these assets are relatively straightforward to identify and value, there are other underlying investments (such as investments in foreign jurisdictions, property development and private equity trusts) that require significant work to verify their existence and valuation.

It appears from our preliminary analysis that many of the underlying investments within the MISs that the superannuation entities have invested in exist and continue to generate investment returns. However, there are also potentially problematic underlying investments that may be impaired and/or non-liquid. These include the Astarra Strategic Fund, investments in a property development company (Ualan) and investments in a private equity trust with shareholdings in German bio-medical and technology companies (Millhouse). It is likely that these assets (and potentially others) have a significant degree of impairment or are non-liquid (unable to be turned into cash easily) and will have the potential to impact negatively on the current value of members' superannuation holdings.

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At this point in time, the Astarra Strategic Fund appears to be the most problematic asset that superannuation members have exposure to. At the time of the appointment of ACT Super as Acting Trustee, the investments by the superannuation entities and external unitholders into the Astarra Strategic Fund had a book value of approximately \$123 million.

We understand that the Astarra Strategic Fund's investments comprise offshore hedge funds. There is limited visibility at this stage as to the existence of these assets and, if they do exist, whether the assets can be realised within a reasonable timeframe.

Significant work needs to be undertaken to determine what (if any) value exists in the Astarra Strategic Fund and whether any funds can be realised and returned to the investors (including the superannuation entities). ACT Super is working with the Administrators of Trio and other stakeholders to understand and progress this matter.

Set out below is a brief discussion of the types of investments held by each of the superannuation entities. Please note that the information presented is of a high level nature. Members within each of the specific funds may have very different underlying investments depending on which investment options in the funds members have invested.

It is not possible at this stage to provide clarity to individual members as to how much (if any) of their investment has been affected by exposure to potentially impaired assets (such as the Astarra Strategic Fund). It will take some months for this to be achieved.

## ***Astarra Superannuation Plan***

The Astarra Superannuation Plan had 13 different investment options, including a default option called the "Astarra Super Diversified No 3 Pool" and another option called the "Astar Portfolio Service".

Based on the information of the former trustee, approximately 72% of funds under management from the Astarra Superannuation Plan were invested through these two options.

Through these two investment options, members of the Astarra Superannuation Plan are significantly exposed to potentially impaired and/or non-liquid assets including the Astarra Strategic Fund, Ualan and Millhouse.

Accordingly, it is likely that most of the superannuation members in the Astarra Superannuation Plan have exposure to impaired and/or non-liquid assets. The degree of exposure and the resultant financial impact on members' superannuation holdings cannot presently be quantified. This will take some months to determine and will largely be impacted by the degree of impairment to the Astarra Strategic Fund, if any.

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

The Astarra Personal Pension Plan has 9 different investment options. However, approximately 89% of all funds held within the Astarra Personal Pension Plan are within an option called the "Astar Portfolio Service".

As with the Astarra Superannuation Plan, the Astar Portfolio Service option has significant exposure to potentially impaired and/or non liquid assets, including the Astarra Strategic Fund, Ualan and Millhouse.

Accordingly, most members of the Astarra Personal Pension Plan will have significant exposure to impaired and/or non liquid assets. Similar to the Astarra Superannuation Plan above, the impact of this exposure needs to be determined.

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## ***My Retirement Plan (excluding Seagrims sub-fund)***

My Retirement Plan (excluding Seagrims) has 8 different investment options.

The major investment options have invested in a broad range of MISs. However, approximately 73% of the superannuation entity's investments appear to be in two MISs (My Growth Plan and My Income Plan).

The My Growth Plan and My Income Plan MISs appear to mainly hold shares in public companies traded on the Australian Securities Exchange, term deposits and units in MISs and continue to generate investment returns.

My Retirement Plan (excluding Seagrims) appears to have a limited exposure (less than 10% of the value of the assets within the fund) to potentially impaired and/or non liquid assets, including the Astarra Strategic Fund, Ualan and Millhouse. Similar to the Astarra Superannuation Plan above, the impact of this exposure needs to be determined.

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

My Retirement Plan (Seagrims sub-fund) has 9 different investment options. Approximately 90% of the superannuation entity's investments are within two MISs (Astarra Conservative Fund and Astarra Balanced Fund).

Both the Astarra Conservative Fund and the Astarra Balanced Fund appear to have some limited exposure to the problematic Astarra Strategic Fund (appears to be approximately 5% of the value of the assets in the Astarra Conservative Fund and approximately 11% of the value of the assets in the Astarra Balanced Fund). Accordingly, whilst there will be some impact on members' superannuation holdings (which cannot be quantified at present), this is likely to be limited. However, this will take some months to determine.

## ***The Employers Federation of NSW Superannuation Plan***

The Employers Federation of NSW Superannuation Plan has very few members. It has invested in the Astarra PST Diversified 3 Pool investment option which has significant exposure to the potentially impaired and/or non liquid assets (including the Astarra Strategic Fund, Ualan and Millhouse). In addition, the superannuation entity appears to hold a cash balance in a Macquarie Cash Management Trust.

Accordingly, members of the superannuation entity will have some exposure to impaired and/or non liquid assets. Similar to the Astarra Superannuation Plan above, the impact of this exposure needs to be determined.

## ***Astarra Pooled Superannuation Trust***

Astarra Pooled Superannuation Trust has 9 different investment options.

A significant amount of the underlying investments for these investment options appears to be within potentially impaired and/or non-liquid assets (Astarra Strategic Fund, Ualan and Millhouse).

Accordingly, investors in the superannuation entity (which comprise other superannuation funds) will have significant exposure to impaired and/or non liquid assets. Similar to the Astarra Superannuation Plan above, the impact of this exposure needs to be determined.

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## **Pension payments**

ACT Super as Acting Trustee of the superannuation entities approved the payment of pensions to 292 members in January 2010. These pensioners were members of the My Retirement Plan (Seagrims sub-plan).

There remain a number of pensioners within the Astarra Personal Pension Plan and the My Retirement Plan (excluding Seagrims sub-plan) where pension payments for January have not been possible to date.

Pension payments could not be made to these members because there was insufficient cash held by their superannuation entity. Whilst there are assets held by these superannuation entities (i.e. units in the MISs), these will need to be converted into cash (through a redemption process) to provide funds to the Astarra Personal Pension Plan and the My Retirement Plan (excluding Seagrims) superannuation entities.

ACT Super has requested a redemption of units in the MISs to enable the superannuation entities to obtain cash to facilitate pension payments. However, the Administrator of Trio (the Responsible Entity of the MISs) is responsible for determining whether redemptions can be processed and they have not permitted redemptions to date.

Our intention, wherever possible, is to maintain pension payments to pensioners. However, without access to cash (via the redemption of units in the investments) this will not be possible.

ACT Super will continue to provide regular updates to members with regard to pension payments.

## **Return of roll-overs and contributions**

On 21 October 2009, APRA issued a direction to the former trustee (Trio) that put a freeze on all funds. This direction precluded the former trustee from accepting new contributions or roll-overs.

APRA has extended the directions previously issued to the former trustee to ACT Super. Accordingly, ACT Super is similarly unable to accept contributions and roll-overs.

ACT Super is in the process of returning those contributions from members or employers and superannuation roll-overs that were received following the direction issued on 21 October 2009.

## **Requests for payments due to severe financial hardship or compassionate grounds**

One of the purposes of the APRA freeze on the superannuation entities is to minimise transactions where the unit prices on which the transactions would be based may be unreliable. The APRA freeze may, however, have a significant effect on some members and ACT Super is allowed to make payments to members on the grounds of severe financial hardship and on compassionate grounds.

ACT Super's ability to make the payments will, however, depend on whether or not ACT Super can redeem investments to fund the payments.

Members with non-preserved superannuation benefits (for example, retired members) who are experiencing severe financial hardship or who meet the criteria for release of benefits on compassionate grounds can apply to ACT Super for a payment. Members will need to form a view as to whether they will pass the criteria for severe financial hardship or compassionate payments and can refer to the information on the Trio website at [www.triocapital.com.au/hardships](http://www.triocapital.com.au/hardships).

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The criteria for release of funds on compassionate grounds are explained on the APRA website at <http://www.apra.gov.au/Superannuation/Early-Release-of-Superannuation-Benefits.cfm>. However, all applications should be sent to ACT Super rather than to APRA.

If members believe that they will be eligible, members may complete the Payment Request Form and the Financial Hardship/Compassionate Release Declaration Form (available through the above link to the Trio website) and provide all identified supporting documentation with their application for consideration by ACT Super.

If these forms are not completed or supporting documentation is not provided, ACT Super will be unable to consider the application for financial hardship or compassionate grounds payments.

Members with preserved benefits (for example, members who have not reached their retirement age) are subject to the normal rules under the superannuation legislation which limit the early release of preserved benefits. ACT Super's ability to make any hardship or compassionate payments to members with preserved benefits will depend on whether the member satisfies the rules under the superannuation legislation and whether ACT Super can redeem investments to fund the payments.

## General

The Acting Trustee will provide further updates to members as the position becomes clearer.

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  
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