

Working just for you

SEPTEMBER 2007

AustralianSuper Annual Report

Account-based pension...
coming soon

AustralianSuper wins
Industry Fund
of the Year

Strong
investment returns



What's inside

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AustralianSuper has reached its first anniversary and we would like to thank you for your ongoing support in our effort to provide high-performing, low-cost superannuation for all Australians.

AustralianSuper was formed on 1 July 2006 through the merger of Superannuation Trust of Australia (STA) and Australian Retirement Fund (ARF). Immediately, we were one of Australia's largest funds, representing over 1 in 10 working Australians. That now translates to investing over \$28 billion on behalf of 1.3 million members, drawn from over 100,000 workplaces.

Our aim is simple: use our size and strength within a 'run only to profit members' model to maximise our members' retirement savings. Our motto '*working just for you*' provides a clear focus.

Over the past year, we have made significant strides towards delivering on this promise, including:

- Delivering high investment returns;
- Offering investment options that meet a number of needs and circumstances;
- Developing improved insurance that offers realistic protection for our members;
- Preparing communications designed to help members make the most of their retirement savings.

Equally significantly, we've been able to implement these features while maintaining low fees. And it's fees, coupled with investment returns that make the most difference to account balances.

Our investment options continue to deliver strong returns to member accounts. Over the past 12 months the Balanced and High Growth investment options credited 17.80% and 19.19% respectively.

While we're proud to have successfully established AustralianSuper, we're firmly focused on the future. The challenges are many – an ageing population, record in-flows of money into the super system, and investment markets that can defy prediction. We have now established a strong foundation to meet these challenges and move forward with our objective of maximising the retirement savings of our members.

A key promise of the merger is to provide better products to our members, and we are delighted to announce that AustralianSuper will launch a Retirement Division, and offer an account-based pension to eligible members, from 1 January 2008. More information is contained on page 10.

We always welcome feedback and suggestions and, to that end, we invite all members to our Member Briefing meetings, to be held in Melbourne and Sydney (see page 6 for details). This year we are unable to host meetings in other States, but will do so in the near future. For those members unable to attend, both events will be webcast via the AustralianSuper website.

We are very grateful for your support to date, and thank you in anticipation of it continuing.

ELANA RUBIN
Chair

IAN SILK
Chief Executive

Front cover: Jeannie Bluett,
PrixCar, AustralianSuper member

Low fees make a **big difference**

Higher fees can really eat into your super. That's why being with an Industry Super Fund like AustralianSuper can make a big difference to your final account balance.

Lower fees can make a big difference to retirement savings over a lifetime, according to independent research conducted by SuperRatings.

The study¹, conducted using fee structures as at 30 June 2007, shows that AustralianSuper members could be substantially better off by the time they retire than if their super was invested with a comparable retail master trust.

Retail master trusts are super funds run for profit, such as those offered by banks or wealth management companies.

As an industry super fund, AustralianSuper is run only to profit members, and so its fees are set to only cover the costs of running the Fund. Dividends are not paid to shareholders.

On the other hand, retail master trusts must set fees to cover their costs and to deliver a profit for their shareholders. Also, unlike AustralianSuper, many retail master trusts also pay commissions to financial planners and advisors.

The research only takes into account the impact of fees, and does not explore the investment performance side of the equation. With strong investment performance, the difference could be even greater.

For details of AustralianSuper's investment performance, see page 16.

¹SuperRatings Pty Ltd, Lifetime of Difference Calculator as at 30 June 2007.

Compare the pair



Same age, same income, same super contributions and same investment returns. The man on the left is with AustralianSuper. He could be better off. Because AustralianSuper currently has lower fees than the average fees charged by the average Retail Master Trust and does not pay sales commissions. AustralianSuper is run only to profit members. To find out more, call **1300 300 273** or visit **www.australiansuper.com**



*These amounts are not predictions or estimates of actual outcomes. Outcomes will vary between individual funds. Above example is a comparison of two employees that assumes starting account balance of \$120,400, same initial income \$59,100; starting age 37; retirement age 65; 2.5% inflation rate; 3.5% salary increase per annum; 9% superannuation guarantee contributions; no additional salary sacrifice or voluntary contributions; 15% contributions tax; employer asset size \$150,000 accumulated at 11.6% per annum; investment return of 7.225% (gross of taxes and fees at 8.5%) compounded annually but with taxes of 15% deducted; explicit costs deducted from members' accounts (eg member fee) subject to a 15% tax allowance; and contribution fees, entry fees, exit fees, additional adviser fees are excluded from calculations. Comparisons modelled by SuperRatings, commissioned by AustralianSuper Pty Ltd ABN 94 006 457 987 AFSL 233788, RSE L0000796, Trustee of AustralianSuper (SPIN STA0100AU, RSE R1001693), using AustralianSuper fees and average fees for a sample of 15 Retail Master Trusts. Current at 30 June 2007 and may be revised if further information becomes available.

AustralianSuper's first birthday

AustralianSuper has reached an important milestone – it's our first anniversary.



'One of Australia's largest super funds and still run only to profit members.'

Laura McGeoch, AustralianSuper member

AustralianSuper was formed on 1 July 2006 through the merger of Superannuation Trust of Australia (STA) and Australian Retirement Fund (ARF).

From day one, we became one of Australia's largest super funds, representing over 1 in 10 working Australians; today, that translates to more than \$28 billion invested on behalf of over 1.3 million members, drawn from 100,000 workplaces.

Our size and strength is important, and our challenge is to use that strength to the benefit of individual members.

Over the past year, we've delivered:

- Continued high investment returns;
- Investment options to suit different needs and circumstances;
- Insurance that helps protect the financial wellbeing of members;
- Resources to help members make the most of their retirement savings.

One of the tangible benefits has been the introduction of innovative low cost insurance, introduced last year. This was designed to address the under-insurance gap by producing a higher level of default cover.

With ninety-five per cent of members having only default insurance cover, and given the increasing debt associated with increased purchasing of homes and other assets, AustralianSuper recognised the need to substantially increase the level of default cover available to members to help protect them in the case of accident or injury.

Best of all, we've been able to offer features to our members while keeping fees low – still only \$1 per week (other fees may apply). And it's fees, coupled with investment returns, that make the most difference to final account balances.

We're proud of our first year, and look to the future with confidence. We're already adding to our range of products and services with the launch of AustralianSuper's Pension product (see page 10), and will soon offer new investment options (see page 16).

But, as always, our main focus will be to keep our investment returns high and our fees low. Over the past year, we know we've built a strong foundation to meet that challenge... that's why you can say AustralianSuper is "Working just for you".

- > 1 in 10 working Australians
- > \$28 billion in funds under management
- > 100,000 workplaces



STAsuper = AustralianSuper



The first year of your fund...

Welcomed
1.3 million members
to Australia's largest
industry super fund

Achieved high
investment returns:

High Growth: 19.19%
Balanced: 17.80%

for the 12 months to
30 June 2007

Became the Fund of
choice for over 100,000
employers across
virtually all industries
and professions

Achieved top ten
rankings amongst comparable
investment options:

Our Balanced Option is 2.15%
ahead of the median, and
High Growth Option also beat
the median by 1.92%

Helped make a
lifetime of difference
to members'
retirement savings



Commenced
development of new
investment options
and our pension
product

A better insurance
deal to help protect
our members
should unforeseen
events occur

Award winning



And this is just the beginning.

Working just for you

Is your family 'financially fit'?

Introducing *Financial Fitness for Kids – A Parents' Guide*

Helping your kids to be financially healthy is one of the best inheritances you can leave them. And the key to their financial health is developing regular, lifelong habits.

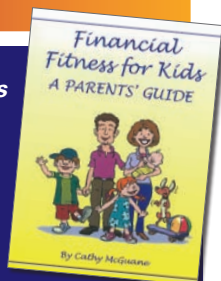
Financial Fitness for Kids – A Parents' Guide is one way to help your kids develop the right habits. It's a simple but powerful guide written especially for parents of pre-school and primary school age kids.

AustralianSuper is delighted to offer this simple, easy-to-read guide to members free of charge. Just visit the website at www.australiansuper.com and record your address, and we'll post you a copy. Note that numbers are limited.

The guide helps you by:

- Helping you identify your own strengths and weaknesses and help you get on track.
- Showing your kids how to set goals and the steps to achieving them
- Providing examples of a savings, spending and sharing plan
- Presenting tips and hints to help the entire family.

A few simple things done regularly can really make a difference. The important thing is to get started, and this guide can help.



To order your copy, visit
www.australiansuper.com/fitness

Member Briefing

AustralianSuper will soon host member-only events in Sydney, Melbourne and online. It's a great opportunity to have your questions answered by the people who run your fund.



Hear about AustralianSuper's performance over the past 12 months, and find out about the strategies for the future, plus have your questions answered.

Board Directors will be in attendance, with speakers including:

- Elana Rubin, Chair of AustralianSuper
- Bernie Fraser, Investment Committee Chair
- Ian Silk, Chief Executive
- Mark Delaney, Chief Investment Officer, AustralianSuper.

Registration is essential.

In 2007, events will be held in Melbourne and Sydney. Depending on the success of these, we will look at holding Briefings in the capital cities next year. For those unable to attend in person, we will be broadcasting the event via the AustralianSuper website.

Sydney	Melbourne
24th October 2007 Sydney Showgrounds	21st November 2007 Melbourne Exhibition & Convention Centre
Both events start at 5.30 and conclude at 8.30pm	

How the webcast works

The AustralianSuper Member Briefing webcast will be presented in real-time and allows attendees to:

- View and listen to speakers
- Listen to questions being asked during the event; and
- Ask questions and have them answered at the meeting.

The webcast is suitable for both low and high (broadband) connections. Visit the AustralianSuper website for more information.

How to register

Register online to attend the Briefing either in person or online, or call AustralianSuper on 1300 300 273. Once registered, we will contact you to confirm and include information about using the webcast.



For more information or to register visit
www.australiansuper.com/memberbriefing

AustralianSuper...

Industry Super Fund of the year

FINANCIAL REVIEW
smartinvestor
BLUE RIBBON AWARDS

2007
WINNER

AustralianSuper has been awarded the *Australian Financial Review's* Smart Investor Blue Ribbon award for the best industry super fund of 2007.

This award recognises AustralianSuper's excellence in:

- administration
- investment performance and processes
- insurance
- investment options, and
- a range of member services.

The award followed analysis by actuarial and management consultancy group Rice Warner, who attributed AustralianSuper's success to its solid investment structure and quality range of products.

As a large fund, AustralianSuper has been able to recruit investment specialists with deeper skill-sets and also afford the benefits of having two investment consultants to encourage a diverse mix of investment options.

Following the merger that formed AustralianSuper, the Fund has increased negotiating power, providing opportunities for greater diversification and the pursuit of new and innovative investment strategies.

The award comes on the back of another year of strong investment results for AustralianSuper. For the 12 months to 30 June 2007, the Balanced Investment Option returned 17.80% and the High

Growth option 19.19%, both outperforming their respective benchmarks.

The judges also commended AustralianSuper's innovative insurance design introduced late last year, which addressed the under-insurance gap by providing a higher level of default insurance cover for members.

Compare us!

The Chant West Super AppleCheck is an online comparison tool that allows you to compare over 100 super funds.

Visit www.australiansuper.com to see how your fund stacks up!



'Even if I change jobs, I can take AustralianSuper with me. That gives me peace of mind.'

Diah Campbell, Excel Composites,
AustralianSuper member

>> An award-winning fund

To help consumers make the right choice, independent research firms compare and rate super funds based on their overall benefit to members. AustralianSuper is proud to have achieved widespread industry recognition:



**SuperRatings
Platinum Rating**
(highest available)



**Heron
Heron 5 Stars**
(highest available)



**Selecting Super
Triple A**
(highest available)



**Chant West
5 Apples**
(highest available)

It's your money... make it work harder!

There are lots of ways to make your super work harder for your retirement. Here are a few ideas to help you really take control of your super.

>> Consolidate now

When you have multiple accounts, you could be paying fees you don't need to and if you don't need more than the one account, it's just money wasted. Combining all your accounts into one main account is easy – just complete the *Transfer Your Old Super* form, and we'll do the rest.

>> Make an investment choice

AustralianSuper has investment options for different needs and objectives, including the ability to mix and match PreMixed and DIY Mix options. Is your investment right for you?



>> Get a Co-contribution

Find out if you're eligible for the Government Co-contribution. If you're eligible, you could get a \$1,500 Government boost (the maximum) if you make a contribution of \$1000 from your after-tax salary. For more information, visit www.australiansuper.com

>> Salary sacrifice

Salary sacrifice into your super, and you could increase your contributions while reducing your taxable salary. That's a great way to save! Ask your employer if they offer salary sacrifice. And check the Super Calculator on the AustralianSuper website to see the impact salary sacrifice could make.

>> Extra contributions

Make a voluntary contribution – even \$10 per week can make a big difference to your final retirement benefit or how soon you can retire.

Getting more information

For information and forms to make your super work harder, visit our website at www.australiansuper.com or call us on 1300 300 273.

>> Attend a seminar

Invest some time in your financial future by attending an AustralianSuper seminar. They're free, and held regularly throughout Australia. Events are listed on our website.

The importance of your benefit statement

Your AustralianSuper Member Benefit Statement has important information that will help you make the most of your account. Do we have your Tax File Number details? Is your beneficiary nomination up to date? It can also be an important reminder to make a rollover. Check your employer contributions, and review your insurance needs. Read your statement carefully, it contains lots of information.



Insurance you can afford



An important benefit of your AustralianSuper membership is access to low cost insurance for Death, Total and Permanent Disablement (TPD) and Income Protection.

'Default' cover for Death and TPD is automatically provided to all eligible members on joining AustralianSuper. Your Member Benefit Statement contains details of what insurance cover you have with AustralianSuper.

Default cover is provided to all members in an effort to ensure members have at least a bare minimum of appropriate cover. Default cover can be increased or decreased as each member sees fit.

The importance of insurance

You probably insure your home, car and other valuables – but what about you?

Would your family cope if you died or were unable to work because of illness or injury? How long could you survive without a regular income?

Insurance is an important part of any retirement plan. An unforeseen event can easily wipe away hard-earned savings unless protected by the right insurance cover.

Even if you do have insurance cover, do you have enough? Many people underestimate their financial commitments and find out too late that they don't have enough cover to meet the cost of living. Expenses like mortgage repayments, car and personal loans, credit cards, school fees, food, clothing and other bills will still need to be paid whether you are able to earn an income or not.

The statistics can be alarming. Did you know:

- 87% of consumers have motor vehicle insurance (costing an average of \$88.43 per month) compared to 17% who have life insurance (at an average cost of \$28.31 per month).
- 87% of consumers have home contents insurance compared to 9% who have Income Protection.
- 72% of consumers have home building insurance compared to only 5% who have TPD insurance.

Source: CommInsure

Obviously, many people are taking a risk when it comes to insuring themselves.

Many AustralianSuper members make the mistake of thinking they can't afford insurance cover, and only have the Fund's default cover. But the full range of insurance cover provided through AustralianSuper is among the most competitively priced in the industry.

Changes to default cover

From 1 November 2006, AustralianSuper's default cover increased from 1 unit of Death and TPD to 3 units of Death and TPD, while the cost per unit decreased from \$1.50 to \$1.00, providing more cover for each dollar of premium paid. Default cover is therefore provided at \$3.00 per week (3 units x \$1.00).

If you have not applied to change your insurance cover since November, and we are still receiving contributions from your employer on your behalf, you will likely have default cover.

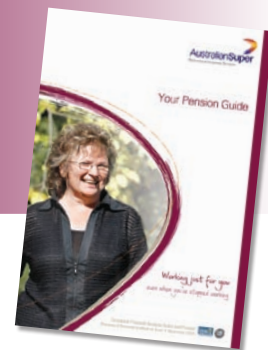
The AustralianSuper Trustee Board is responsible for protecting the needs of members, and took the view that as many AustralianSuper members could reasonably be considered to be under-insured, an increase in default cover was an important and tangible part of discharging its responsibilities.

Getting the right cover for you

Everyone's circumstances are different, so it's important to find the level of insurance that's right for you. We strongly recommend you seek professional advice and consider insurance as part of your overall financial plans.

To vary your AustralianSuper insurance cover simply download the AustralianSuper *Insurance Guide* from our website or call us for a copy.

The NEW AustralianSuper Pension – working for you in retirement



AustralianSuper will soon launch its own pension, with the Government's new super rules making super a very attractive retirement savings vehicle, you can stay with AustralianSuper for life.



'It's a while until I retire, but I know AustralianSuper will look after my super till then.'

Michael Reid, AustralianSuper member

Looking after your super savings is what AustralianSuper has always been about. For over twenty years the Fund has helped working Australians save for their retirement. And now from January 2008 when the AustralianSuper Pension is launched, you'll be able to keep saving and investing even after you stop working.

Introducing the AustralianSuper Pension

The AustralianSuper Pension – formally referred to as an account-based pension – is designed for those who are approaching retirement or who are permanently retired. But even if retirement is a while off, it's good to know you can stay with AustralianSuper beyond retirement.

An account-based pension by law requires that a minimum amount of your account balance be withdrawn every year. The minimum amount is calculated each year as a prescribed percentage of your account balance.

Handy tax benefits for retirees

The Government's new 'Better Super' rules were introduced in July this year. The new rules effectively make investment earnings on pensions tax-free and provide other handy age-based tax benefits for retirees and those of you planning for your retirement.

No maximum percentage is set (unless you have nominated the Transition to Retirement option; see below), which means you can withdraw all or part of your account balance as the need arises. That means you have the flexibility to use your pension as an ongoing source of income or to withdraw it in lump sums.

The AustralianSuper advantage

As an AustralianSuper Member you know all about the advantages of being a member of Australia's largest industry super fund. Advantages like strong investment performance and low fees.

These advantages are key features of the AustralianSuper Pension, which also offers:

- a range of investment options so you can choose how your money is invested;
- convenient online account access;
- seamless transition from our super division for existing members;
- easy access to your account balance;
- regular pension payments paid to your bank account;
- flexible payment options.

If you're not an AustralianSuper member, don't worry. Anyone eligible for a pension can apply.

Full details of the AustralianSuper Pension will be contained in the Product Disclosure Statement available from December 2007.



Did you know?

Seven out of 10 working Australians have started to prepare for their retirement. The average age of those starting to prepare is 31.

Working Australians are currently saving an average of \$652 a month for their retirement. This makes them the second-highest retirement savers in the world just behind the US.

Working people's first dream is to travel in retirement.

Source: AXA Retirement Scope 2007.

'Paying less fees on my super means I'll have more in retirement.'

Diane Anderson,
Monash Vet Clinic,
AustralianSuper member



To register your interest, visit www.australiansuper.com/pensions or call 1300 300 273 to obtain a copy.

Making the transition to retirement from age 55

One of the features of the AustralianSuper Pension is the Transition to Retirement option. It lets you access part of your super if you're aged between 55 and 64 without having to fully retire.

Accessing your super in this way can help you make a smooth transition to retirement. It may also provide you with income flexibility, help you reduce your working hours as well as offer you certain tax advantages.

Conditions – such as a maximum amount that can be withdrawn – apply.

Our Transition to Retirement fact sheet explains this option in more detail. To obtain a copy call us on 1300 300 273 or download it from our website at www.australiansuper.com/pension

Not quite ready to retire?

Even if you're not close to retirement, it's good to know you can take AustralianSuper with you throughout your working life and into retirement. One fund for life!

For more information about making the most of your AustralianSuper account, see page 8.

Find out more

There are various calculators available online to help you start thinking about your lifestyle in retirement. Check out our AustralianSuper calculator at www.australiansuper.com

Register now

Regular updates on the AustralianSuper Pension will be posted on our website at **www.australiansuper.com** You can also register your interest by calling AustralianSuper on **1300 300 273** or register at **www.australiansuper/pension**

We will then keep you informed with news and updates.

Age 55–59

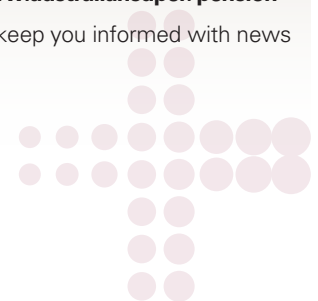
- Pension payments are entitled to a 15% rebate; a portion of the pension may be tax-free.
- Investment earnings within the pension are tax-free.

Age 60–64

- Pension payments are tax-free.
- Lump sum withdrawals are tax-free.
- Investment earnings within the pension are tax-free.

Over 65

- Pension payments are tax-free.
- Lump sum withdrawals are tax-free.
- Investment earnings within the pension are tax-free.
- Full access to account balance, regardless of employment status.
- Only a portion of the pension is assessable under Centrelink's income test.



Top-up your super



Stop worrying so much about whether or not your super will go the distance. By topping-up with as little as \$10 a week, your super will take you a whole lot further.

Why top-up your super?

Experts are saying that many of us won't be able to lead a comfortable lifestyle in retirement if we don't add to our super savings ourselves. But the good news is that you don't have to put a lot of money into super to make a significant difference. And the sooner you start, the bigger that difference will be, thanks to the effect of compound interest.

How do you top-up your super?

There are two ways that you can top-up your super:

- **Salary Sacrifice contributions** – are paid directly into your super by your employer from your pre-tax salary (visit www.AustralianSuper.com/topup to find out more).
- **Personal contributions** – are paid into your super from your after-tax income. You can make lump-sum personal contributions or set up a regular savings plan where you contribute a small amount each month.

Earn less than \$58,980 per year?

You're probably eligible for the Co-contribution

If you earn less than \$58,980 and make a personal after-tax contribution to your super, chances are you'll also qualify for the Government Co-contribution (check out the table below). If you do, the Government will put up to \$1.50 into your super for every \$1.00 you put in.

How much extra money could you get from the Government?

If you earn...	And you put \$500 into your super, they'll put in	And you put \$1,000 into your super, they'll put in
\$28,980 or less pa	\$750	\$1,500
\$32,980 pa	\$750	\$1,300
\$40,980 pa	\$750	\$900
\$46,980 pa	\$600	\$600
\$50,980 pa	\$400	\$400

The Australian Taxation Office determines the amount of Government Co-contribution you're eligible for after it receives your annual tax return. This amount will be automatically credited to your superannuation account. To find out if you are eligible, go to www.AustralianSuper.com/topup

Starting sooner pays off!

If you start making personal after-tax contributions of just \$10 per week when you are 30, you'll retire with an extra \$83,160 (or more, if you're eligible for the Government Co-contribution). But if you wait until you're in your 50s to start contributing, you'll need to contribute around \$100 a week to get the same amount.

Personal Contributions	30 years old	45 years old	55 years old
 \$10 per week	\$83,160 + Extra in your super	\$23,345 + Extra in your super	\$7,625 + Extra in your super
 \$20 per week	\$166,320 + Extra in your super	\$46,690 + Extra in your super	\$15,255 + Extra in your super
 \$50 per week	\$415,800 + Extra in your super	\$116,730 + Extra in your super	\$38,135 + Extra in your super

Assumptions: Balanced Investment Option long term crediting rate of 7.5% (net of fees and taxes). Inflation has not been taken into account in the model and all figures are in actual dollars at retirement. Retirement age is 65 years. Any change to assumptions will change the final amount. No employer contributions (Superannuation Guarantee and Salary Sacrifice) or Government Co-contribution included. Investment returns are not guaranteed and past performance is no guide to future returns. Source: Consulting Actuary to AustralianSuper.

So, why wait?

You don't have to put in much money to make a big difference to your super. And the longer you leave it, the more you are going to need to put in. So get started now. The enclosed Top-up your super brochure has everything you need to start making regular after-tax voluntary contributions.

Or if you want to find out more about salary sacrificing, spouse accounts or how much the experts are suggesting you'll need to retire on, go to www.AustralianSuper.com/topup.



AustralianSuper signs United Nations Principles of Responsible Investing

AustralianSuper has recently joined as a signatory to the United Nations Principles of Responsible Investing (UNPRI).

The objective of the UNPRI is to develop and implement a set of global principles that facilitate the integration of environmental, social and corporate governance (ESG) issues into mainstream investment practices.

There are a number of actions arising from signing up to these Principles, one of which is for AustralianSuper to develop and take on a sound ESG approach to how we do and conduct our business.

AustralianSuper already offers socially responsible investment (SRI) options that give members the option to invest in companies (selected by our investment managers) that demonstrate a high level of responsibility on issues that include labour standards and environmental, social and ethical considerations.

The PRI share many of the same approaches to investing as SRI principles, such as the integration of ESG issues into investment analysis, however, they are not designed to be relevant only to SRI products. The intention is for the Principles to provide a common framework for integrating ESG issues that are compatible with the traditional investing styles of institutional investors.

The Principles are based on the premise that considering ESG issues when investing can lead to higher profitability for investors through greater transparency of the investment market. However, this relies on a holistic approach from a network of investors in order for it to really make a difference. AustralianSuper is proud to have joined the network and to support these Principles.

AustralianSuper's investment performance

AustralianSuper has again delivered strong investment returns, with the PreMixed options outperforming all benchmarks for 2006/07.

For the 12 months to 30 June 2007 the Balanced Investment Option where most members invest, achieved 17.80% while the High Growth Investment Option returned 19.19%.

The results outperformed the median funds, which returned 15.65%¹ and 17.27%² respectively.

AustralianSuper PreMixed Option	1 year to 30/6/07 (%)	Benchmark (%)
High Growth	19.19	17.27
Balanced	17.80	15.65
Sustainable Balanced	16.12	15.65
Stable	9.09	8.61
Capital Guaranteed	5.27	4.36

Further information on the DIY options and all benchmarks is on page 17.

This solid performance has helped maintain AustralianSuper's record of delivering competitive long term performance with both options finishing in the top five for the five years to June 2007: the Balanced option at number five with 13.17% and the High Growth option coming in at an exceptional number one with 13.73%

The interest earned on your super in the last 12 months goes back into your account to help build your super. And, the better your investments performs, the more super you get – simple as that!

Of course, investment returns can never be guaranteed, so it's important you select the investment option that suits your needs and circumstances. The start of the 2007/08 financial year has already seen some volatility in investment markets, as outlined on page 15 by AustralianSuper's Investment Committee Chair, Bernie Fraser.

AustralianSuper publishes extensive information about our investment options on the AustralianSuper website to help you make the choice that's right for you. It's also important to consult an independent adviser before making any financial decision.

¹ SuperRatings Median Balanced Option

² SuperRatings Median Growth Option

As an AustralianSuper member you can access commission-free financial advisers through Industry Fund Financial Planning (IFFP). For further information, call IFFP on 1300 138 848.

Please note: AustralianSuper does not recommend, endorse or accept responsibility for these products or services. Terms and conditions apply – these should be obtained from the relevant third-party organisation. AustralianSuper does not accept liability for any loss or damage caused by the products and services provided by this/these third party/ies. AustralianSuper may invest in this/these third party/parties but does not receive any commissions from this/these organisations as a result of members using their products and services.

Investment commentary



By **Bernie Fraser**, Independent Director and Investment Committee Chair

>> How long can this go on?

That is a question AustralianSuper members might reasonably be asking right now, following further exceptional investment returns in 2006/07, but a poor start to the current financial year.

Last year's results have seen members' balances in the Balanced Option credited with a return of 17.80%. This follows similarly strong returns for those members for several years now: over the past three years the comparable crediting rate (for STA and ARF members combined) averaged 15.3%. The Balanced Option return last year was the ninth highest of over 100 comparable 'balanced' funds.

The vast majority of AustralianSuper members contribute to the Balanced Option but several other options also recorded good returns last year. Returns for the main options are listed on page 16 of this Report.

As the table indicates, the standout asset category last year was again Australian equities (up by over 27%) and, to a lesser extent, international equities. Our investment in unlisted assets – especially property and infrastructure – also performed strongly but fixed interest assets again performed poorly.

Equity markets in particular benefited from another year of robust corporate and national economic growth around the world, combined with generally benign inflationary pressures. Some cyclical tightening in economic conditions occurred during the year as pressures on productive capacity and skilled labour supplies intensified – and interest rates in Australia and elsewhere rose in response to those pressures.

But overall the tightening turned out to be less than had been anticipated a year ago. Credit remained relatively easy around the globe and this contributed to further price rises for many kinds of assets, as well as to some hectic merger and acquisition activity by large private equity groups.

Not surprisingly, some financial market players have sought to take advantage of the readily available and relatively cheap credit (or 'excess liquidity'), which has characterised the global economy over recent years. One manifestation of this has been the widespread underpricing of the risks associated with particular investments, including substantial lending to sub-prime (or less credit-worthy) housing borrowers in the US. As more of these borrowers defaulted over their repayments the promoters of the underlying schemes have themselves experienced difficulties in raising new funds from banks and other sources.

Such is the panic associated with the fear of losing money the prevailing situation of easy credit changed quickly to one of tougher and more expensive credit, obliging central banks around the world to inject substantial additional liquidity into the financial system. This action over the middle weeks of August appears to have settled most markets – as least for the time being – but not before sparking substantial 'corrections' in equity markets in particular. Seven weeks into the new financial year the Balanced Option is showing a loss of a little over 1%, mainly as a consequence of larger net falls in both domestic and overseas equity markets.

After a long period of relatively low volatility in financial markets, higher levels of volatility are likely over the year ahead. No one can predict the severity or duration of the current bout of instability. To the extent that it is encouraging a more prudent approach to risk taking and risk pricing it will be seen as a healthy development: but the process could take some time to complete, given the excesses which occurred over recent years and the lack of transparency surrounding some of those excesses.

Of most concern is the risk that the current problems in the financial sector could spread – both through their adverse effects on the players directly affected and through more general (but pervasive) confidence effects – to the 'real' economy, with serious negative effects on spending, production and employment. Fortunately, the world economy overall continues to power ahead at a solid rate (over 5% pa), in part reflecting on-going rapid growth in China and India which is offsetting slower growth in the US. Inflationary pressures remain fairly benign in most countries but are moving up in some, including Australia.

In conditions of greater volatility in financial markets and mounting pressures on productive capacity in several countries, prices of many assets could be in for a bumpy ride over the next year or two. Some 'shocks' can be expected but cannot really be predicted. In this environment the AustralianSuper Investment Committee will seek to steer a prudent course, diversifying its investments across a wide range of listed and unlisted assets, and focusing on the appointment of quality managers.

Investment performance 2006/07

AustralianSuper members continue to enjoy above-average investment returns to help boost their super savings. Both the Balanced Investment Option and the High Growth Investment Option finished in the top five of funds for the five years to 30 June 2007. Stable and Capital Guaranteed options also fared well against comparable funds, proving AustralianSuper to be a great choice for your investment. See below for more information on the recent investment returns.

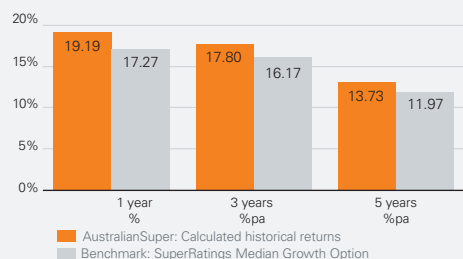
PreMixed investment options

High Growth

This option is designed to provide higher growth over the medium to long term. It is a higher risk option.

Objective: out-perform (after fees and tax)
CPI + 5% per annum

Performance to 30 June 2007

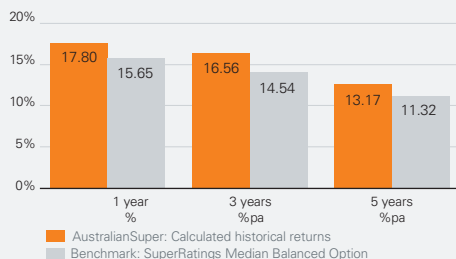


Balanced

This option is designed to provide a level of return that is comparative with other balanced funds. It is a medium risk option.

Objective: out-perform (after fees and tax)
CPI + 4% per annum

Performance to 30 June 2007

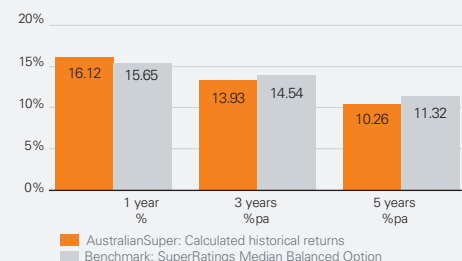


Sustainable Balanced

This is a 'socially responsible' option designed to provide returns similar to other balanced funds. It is a medium risk option.

Objective: out-perform (after fees and taxes)
CPI + 4% per annum

Performance to 30 June 2007



>> New investment option

AustralianSuper will soon launch a new investment option. Scheduled for launch in January 2008, the new option will broadly sit between the Balanced and Stable options. It will be called the Conservative Balanced option.

The Conservative Balanced option has a lower weighting to listed shares (when compared to the Balanced option) and is likely to provide solid capital accumulation, strong yield and reasonable (although not complete) capital protection.

The proposed asset allocation for the new investment option is as follows:

Asset Class	
Australian Shares	22%
Global Shares	18%
Property	15%
Private Equity	0%
Infrastructure	10%
Absolute Return	10%
Global Bonds	10%
Cash	15%
Total	100%

For more information about investment choice, download a copy of the *Member Investment Choice Guide* at www.australiansuper.com

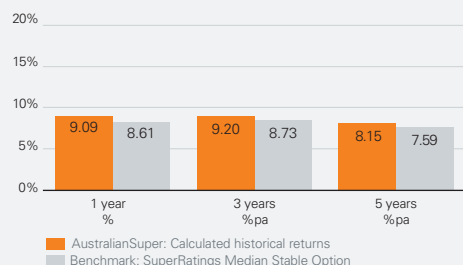


Stable

This option is designed to provide conservative investment growth and greater security. It is a low – medium risk option.

Objective: out-perform (after fees and taxes)
CPI + 3% per annum

Performance to 30 June 2007

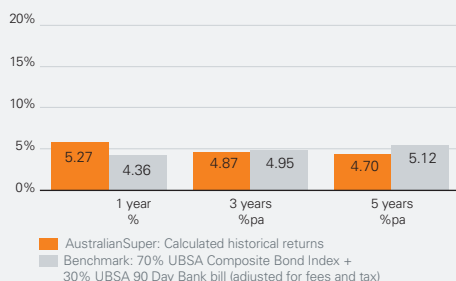


Capital Guaranteed

This option is designed to provide high security and modest investment growth. It is a low risk option.

Objective: out-perform (after fees and taxes)
retail cash management accounts by 0.5%
per annum and guarantee member's capital

Performance to 30 June 2007



'AustralianSuper has an investment choice to suit all types of investors.'

James Smith, AustralianSuper member

DIY Mix investment options

The DIY Mix options are designed for members who want more control over how their super is invested. By mixing and matching the DIY Mix options, a portfolio can be built that is suited to your individual investment goals and time frames.

Crediting rates to 30 June 2007	1 Year		3 Years pa		5 Years pa	
	A'Super	B'mark	A'Super	B'mark	A'Super	B'mark
Australian Shares	27.23%	27.30%	25.35%	24.64%	19.13%	17.93%
International Shares	11.23%	7.76%	11.53%	8.57%	8.34%	4.42%
Australian Sustainable Shares	22.86%	25.73%	21.27%	23.22%	14.15%	16.88%
International Sustainable Shares	3.53%	7.14%	6.25%	7.93%	1.50%	3.89%
Property	16.21%	16.89%	13.74%	14.60%	11.84%	12.77%
Diversified Fixed Interest	3.74%	3.56%	5.20%	4.41%	5.84%	4.84%
Australian Fixed Interest	2.92%	3.19%	4.63%	4.09%	4.78%	4.41%
International Fixed Interest	2.87%	4.20%	5.84%	5.00%	7.25%	5.55%
Cash	5.64%	5.45%	5.18%	5.04%	4.76%	4.76%

Please note: Returns quoted are net of fees and tax. In calculating historical return information for AustralianSuper we have combined return information from previous ARF and STA investment options. Where only one of the merging funds previously offered an equivalent to an option in the new product suite, the returns of that option have been used. Where both funds offered an equivalent option, the returns have been asset weighted across both options on a monthly basis, as per industry best practice. Where data isn't available for one or both of the of the equivalent options, the monthly returns have been averaged. The same process has been used for calculating historical investment fees. Past performance is not an indication of future returns.

Benchmarks: Australian Shares: S&P/ASX 300 Accumulation Index (adjusted for fees and tax); International Shares: MSCI World ex Aust Net Divs AUD (adjusted for fees and tax); Australian Sustainable Shares: S&P/ASX 300 Accumulation Index (adjusted for fees and tax); International Sustainable Shares: MSCI World ex Aust Net Divs AUD (adjusted for fees and tax); Property: Mercer Unlisted Property Index (adjusted for fees and tax); Diversified Fixed Interest: 50% UBSA Composite Bond Index + 50% Citigroup WGB Index Hedged AUD (adjusted for fees and tax); Australian Fixed Interest: UBSA Composite Bond Index (adjusted for fees and tax); International Fixed Interest: Citigroup WGB Index Hedged AUD (adjusted for fees and tax); Cash: UBSA 90 Day Bank Bill (adjusted for fees and tax).

'It is good to know that my money is with a fund that has an excellent history of providing solid returns.'

Chris Harding,
AustralianSuper member



Investment performance (cont.)

Changes to investment switching process

AustralianSuper has introduced changes to its investment switching process, allowing for improved reporting and controls around the movement of cash into the Fund and into its underlying investments.

As a result, there have been changes to the timings of the switching process for members who make an investment choice. Applications received during the week (or by midnight Sunday if submitted via Member Online) are now processed based on the close of market price for the Friday of that week (previously the following Tuesday) and then actioned the following Wednesday (previously the following Monday week).

This new switching timeline is an improvement on the current six working-day turnaround time and also means your switch is made effective closer to the date on which your application is received. All round this process change results in a better service for you, the member.

For more information visit www.australiansuper.com

PreMixed Investment Option Asset Mix	High Growth		Balanced		Sustainable Balanced		Stable		Capital Guaranteed	
	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007
Australian Equities	38%	37%	36%	34%	36%	34%	16%	13%	–	–
International Equities	34%	37%	26%	28%	26%	28%	11%	10%	–	–
Direct Property	9%	9%	11%	10%	11%	10%	11%	9%	–	–
Private Equity	5%	4%	2%	2%	2%	2%	0%	0%	–	–
Infrastructure	10%	9%	10%	9%	10%	9%	7%	6%	–	–
Absolute Return Strategies	4%	4%	3%	3%	3%	3%	3%	2%	–	–
Global Bonds	–	–	10%	12%	10%	12%	18%	20%	–	70%
Cash	–	–	2%	2%	2%	2%	34%	40%	100%	30%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Annual Crediting Rates

Financial Year Returns						
Investment Option	2002/03	2003/04	2004/05	2005/06	2006/07	Inception
High Growth	0.19%	16.16%	14.45%	19.84%	19.19%	Jun 96
Balanced	2.91%	13.91%	14.39%	17.52%	17.80%	Jul 85
Sustainable Balanced	1.89%	8.12%	12.00%	13.71%	16.12%	Sep 01
Stable	5.84%	7.37%	9.51%	9.01%	9.09%	Sep 01
Capital Guaranteed	4.60%	4.31%	4.32%	5.04%	5.27%	Jun 97
Australian Shares	0.88%	20.77%	25.60%	23.25%	27.23%	Sep 99
International Shares	-8.67%	17.76%	3.30%	20.76%	11.23%	Sep 99
Australian Sustainable Shares	-6.16%	15.82%	22.89%	18.13%	22.86%	Dec 01
International Sustainable Shares	-20.17%	12.51%	-0.16%	16.05%	3.53%	Dec 01
Property	8.62%	9.48%	10.30%	14.80%	16.21%	Jun 99
Australian Fixed Interest	7.81%	2.26%	7.55%	3.48%	2.92%	Feb 02
Diversified Fixed Interest	9.71%	3.99%	8.60%	3.33%	3.74%	Jun 99
International Fixed Interest	13.19%	5.72%	10.96%	3.88%	2.87%	Feb 02
Cash	3.94%	4.31%	4.56%	5.34%	5.64%	Sep 99
Steel Growth	-3.13%	18.45%	13.86%	20.81%	20.01%	Aug 02
Steel Balanced	1.76%	15.10%	14.16%	17.62%	17.93%	Aug 02
Western Power Balanced Plan	–	–	–	–	10.20%	Jun 06
Western Power Shares Plan	–	–	–	–	20.10%	Jun 06
Bosch Diversified	–	–	–	11.09%	15.13%	Aug 05
Bosch Conservative	–	–	–	5.03%	9.09%	Aug 05
Bosch Shares	–	–	–	14.24%	19.31%	Aug 05
Bosch Cash Plus	–	–	–	4.21%	5.74%	Aug 05

Chairman's Report

At 30 June 2007, Geoff Ashton stepped down as Chairman of AustralianSuper.



It is with mixed feelings that I write this, my final column as Chairman of AustralianSuper. As I announced almost 12 months ago, in leaving the position I have handed over to Elana Rubin. It has been quite a journey since I first joined Superannuation Trust of Australia (STA) in 1997.

Few industries have grown quicker than superannuation and it's easy to forget that today's system is still barely 20 years old. Super began as part of industrial relations negotiations in the mid 1980s and is now a hugely significant part of the financial services industry.

Look around any of Australia's central business districts. Chances are, most of the infrastructure you see – the roads, the rail, the bridges, along with the companies that operate there – count a super fund or two among their major financial backers. Each year, super funds invest billions of dollars on behalf of their members within the Australian and global economies.

Following the merger that created AustralianSuper, we're now one of the biggest investors in the Australian economy. AustralianSuper invests \$28 billion dollars on behalf of its 1.3 million 'shareholders'. The significance of that is not the excitement of investing such huge amounts of money, but the responsibility of growing the accounts of each and every individual AustralianSuper member.

I am confident that the merger has been a resounding success in terms of what is important to members. It will mean the Fund will be in a great position to continue to achieve higher investment returns, providing better products and services, and maintaining lower fees. It's therefore with a great deal of satisfaction that I pass on the Chair position.

From 1 July 2007, Elana Rubin assumes the position of Chair of the Fund. Elana has a wealth of relevant experience, particularly with Australian Retirement Fund (ARF). Clearly AustralianSuper will benefit from her skilled guidance, with a particular emphasis on continuing to deliver excellent investment returns.

Although I will no longer be Chairman, I will remain involved with AustralianSuper through my presence on the Fund's Investment Committee. And from there, I look forward to seeing AustralianSuper continue to grow in order to serve the needs of its many employers and members.

A handwritten signature in black ink that reads "Geoff. Ashton".

GEOFF ASHTON
Former Chairman

'Few industries have grown quicker than superannuation and it's easy to forget that today's system is still barely 20 years old.'

Your Trustee Board

The role of the Board is to ensure that AustralianSuper is operated and managed in the best interests of all members and in accordance with its Governing Rules and superannuation legislation.

Representatives from the ACTU, AiGroup, AMWU, AWU and LHMU were on the Board at 30 June 2007.

The Board meets at least every two months and Directors receive a modest fee for carrying out their duties. This is generally paid to the organisation represented on the Board to recognise the time spent on AustralianSuper activities.

The Trustee Directors and officers are covered by indemnity insurance against the financial effects of legal action against AustralianSuper.

>> Complying Fund

The Trustee operates AustralianSuper to comply with the requirements of the Superannuation Industry (Supervision) Act 1993, the Corporations Act 2001 and other relevant legislation.

The Australian Prudential Regulation Authority (APRA) has approved AustralianSuper Pty Ltd as the holder of a Registrable Superannuation Entity Licence (L0000796) and AustralianSuper as a Registrable Superannuation Entity (R1001693).

The Australian Securities and Investments Commission (ASIC) has granted an Australian Financial Services Licence (AFSL 233788) to AustralianSuper to enable it to provide advice to members and employers about superannuation and related matters.

The Trustee submits returns to APRA and ASIC each year.

Please note: A copy of the Trust Deed is available on request.

>> Trustee Committees

The Trustee has established a number of Committees to assist in managing its functions and responsibilities, including an Audit, Compliance and Risk Management Committee, Investment Committee, Benefit Payment Committee, Nominations and Remuneration Committee and Member and Employer Services Committee. Trustee Directors sit on these Committees.

>> AustralianSuper Trust Deed

The Governing Rules are the legal documents that govern the way AustralianSuper is operated and managed. At present the Fund's governing rules are contained in the Trust Deed.

During 2006/2007 a number of sections of the Trust Deed were varied primarily to update the Deed in line with recent changes to

superannuation law and including specifications for a number of corporate defined benefit plans.

>> Eligible rollover fund

Generally, if you have less than \$500 in your account and we have not received employer contributions for you for at least 13 months, we may transfer your account to AUSfund.

AUSfund is an eligible rollover fund, into which lost super fund members or members with small, inactive accounts are transferred.

The transfer to AUSfund protects the member's account from erosion by administration fees. If your account is transferred to AUSfund, you will no longer be a member of AustralianSuper, and any insurance cover you had will cease.

To contact AUSfund call 1300 361 798 or write to PO Box 2468 Kent Town, SA 5071.

Service providers

The Trustee appoints a number of organisations to provide professional services and expert advice. The key appointments for the year to 30 June 2007 are listed below.

The consulting actuary

Heron Partnership

Administration

Superpartners

External audit

Ernst & Young

Internal audit

Pricewaterhouse Coopers

Employer contribution arrears collection

Industry Funds Credit Control

Insurer – death and disablement benefits

CommInsure

Insurer – income protection benefits

CommInsure

Investment adviser

Frontier Investment Consulting
JANA Investment Advisers

Legal advisers

Holding Redlich

Deacons

IFS Legal
Mercer Legal

Master custodians

JP Morgan Chase Bank
National Australia Bank

Tax adviser

KPMG



Inaugural AustralianSuper Trustee Board

The following Directors are representatives on the AustralianSuper Trustee Board to 30 June 2007. Left: Mr. Geoff Ashton, Mr. Barry Watchorn, Ms. Elana Rubin, Mr. Brian Daley, Mr. Bill Shorten, Mr. John Ingram, Mr. Doug Cameron, Mr. Greg Combet, Mr. Nixon Apple, Mr. Bernie Fraser, Mr. Grahame Willis, Dr. Peter Thomas, Dr. Walter Uhlenbruch.

>> Changes to the AustralianSuper Trustee Board

The next twelve months will see a number of changes to the Trustee Board:

Geoff Ashton – resigned as a Director and Chairman of the Board effective from 30 June 2007. He will remain a member of the Investment Committee. Heather Ridout – will replace Mr. Ashton effective from 1 July 2007 as an AiGroup nominated Director.

Elana Rubin – will replace Mr. Ashton as Chair of the Fund, and John Ingram will become Deputy Chair of the Fund effective 1 July 2007.

Greg Combet – resigned as a Director effective from 30 June 2007. Cath Bowtell will replace Mr. Combet effective from 1 July 2007 as an ACTU nominated Director.

Doug Cameron – resigned as a Director effective from 18 June 2007. Dave Oliver will replace Mr. Cameron effective from 1 July 2007 as an AMWU nominated Director.

Bill Shorten – resigned as a Director effective from 23 June 2007. Paul Howes will replace Mr. Shorten effective from 1 July 2007 as an AMU nominated Director.

Investment managers

as at 30 June 2007

Asset Class / Manager	FUM \$m	Allocation %
Australian Equities		
452 Capital	779.7	2.7%
Acadian Long/Short	124.8	0.4%
Allilance Capital	78.7	0.3%
Ausbil Dexia	745.7	2.6%
BGI Equitised Long/Short	181.8	0.6%
Challenger	387.1	1.4%
Colonial First State	52.6	0.2%
Concord	684.9	2.4%
Eley Griffiths	86.8	0.3%
IFM 100 Leaders	799.8	2.8%
Kinetic	285.1	1.0%
Macquarie	1,688.9	5.9%
Macquarie Long/Short	155.1	0.5%
Orbis	59.6	0.2%
Orion	775.0	2.7%
Paradice Mid Caps	134.8	0.5%
Paradice Small Caps	239.9	0.8%
Perpetual	1,674.5	5.8%
Perpetual Long/Short	44.3	0.2%
Perpetual Wholesale Ethical SRI	18.0	0.1%
Platypus	178.4	0.6%
Portfolio Partners	93.1	0.3%
Renaissance	140.0	0.5%
SSGA Alpha Plus	322.4	1.1%
Warakirri Endeavour	130.6	0.5%
Warakirri New Dimensions	195.7	0.7%
Other Australian Equities	59.6	0.2%
Sector Total	10,117.1	35.3%
International Equities		
Acadian	549.6	1.9%
Acadian Long/Short	470.8	1.6%
Alliance Bernstein	851.8	3.0%
Baillie Gifford	808.2	2.8%
Brandes	183.3	0.6%
Brandes Mid-Cap	184.1	0.6%
Capital International	973.3	3.4%
Dexia Sustainable Global Equity	18.3	0.1%
Legg Mason	14.0	0.0%
LSV	377.2	1.3%
Marathon	418.1	1.5%
Marvin & Palmer	171.2	0.6%
Orbis Global	748.0	2.6%
SSGA Global Index	798.4	2.8%
Wellington	187.5	0.7%
Other International Equities	551.5	1.9%
Sector Total	7,305.3	25.5%
Property		
AMP Core Property	254.7	0.9%
AustralianSuper Investment Fund 4	23.3	0.1%
Charter Hall	6.1	0.0%
FIRE Fund	20.2	0.1%
Fortius	84.7	0.3%

Asset Class / Manager	FUM \$m	Allocation %
Property (continued)		
Goodsell	123.1	0.4%
GPT	172.5	0.6%
Gresham	6.5	0.0%
Hotel & Leisure Trust	26.5	0.1%
ICA Prop Dev Fund 2	1.4	0.0%
ICA Prop Dev Fund 4	15.6	0.1%
ICA Prop Dev Fund 5	1.5	0.0%
IGIPT	204.1	0.7%
ISDT	91.4	0.3%
ISPT Core	1,834.2	6.4%
ISPT No. 3	27.6	0.1%
Morgan Stanley	26.1	0.1%
Other Property Managers	193.0	0.7%
Sector Total	3,112.5	10.9%
Private Equity		
Advent No. 1	3.6	0.0%
Advent No. 2	3.6	0.0%
Archer 2A	3.4	0.0%
Archer 2B	3.4	0.0%
Archer 3	14.5	0.1%
Archer 3A	4.9	0.0%
Archer 3B	4.9	0.0%
CHAMP 5A	5.4	0.0%
CHAMP 5B	5.4	0.0%
Frontier Ordinary	0.7	0.0%
Frontier Preference	0.1	0.0%
Hastings 1A	1.1	0.0%
Hastings 1B	1.1	0.0%
Hastings 2A	5.0	0.0%
Hastings 2B	5.0	0.0%
IFAT Industry Funds Admin	8.9	0.0%
IFAT No. 3	7.7	0.0%
IFBT Company Partly Paid	221.9	0.8%
IFM Australia Private Equity Sub	86.5	0.3%
IFM Private Equity I	3.2	0.0%
IFM Private Equity II	62.8	0.2%
IFM Private Equity III	59.8	0.2%
IFM International Private Equity I	86.7	0.3%
IFM International Private Equity II	49.6	0.2%
IFM Private Equity IV	16.9	0.1%
Ironbridge A	8.9	0.0%
Ironbridge B	8.9	0.0%
Nanyang II	1.4	0.0%
NEXT Capital 1	9.0	0.0%
NEXT Capital 1A	7.7	0.0%
Portland Orthopaedics	6.5	0.0%
Venture Capital 1	1.7	0.0%
Virtual Communities	2.5	0.0%
Wolseley Partners 1	2.2	0.0%
Wolseley Partners 1A	2.4	0.0%
Wolseley Partners 1B	2.4	0.0%
Other Private Equity	43.4	0.2%
Sector Total	763.3	2.7%

Financial statements

The details below are a summary of AustralianSuper's statements for the last two financial years. Copies of the full audited financial statements and auditor's report are available on request.

Asset Class / Manager	FUM \$m	Allocation %
Infrastructure		
AustralianSuper Investment Fund 1	26.2	0.1%
AustralianSuper Investment Fund 2	27.6	0.1%
Icon Parking	62.3	0.2%
IFM Australia Social A	47.6	0.2%
IFM Australia Social B	48.4	0.2%
IFM Australian Infrastructure	1,008.8	3.5%
IFM International Infrastructure	1,198.6	4.2%
Kemble Water Eurobond	25.5	0.1%
Kemble Waters Holdings	182.1	0.6%
Macquarie GIF I	8.2	0.0%
Macquarie GIF II	27.2	0.1%
Moto	76.5	0.3%
Rare	96.5	0.3%
Utilities Trust of Australia	271.3	0.9%
Other Infrastructure	59.5	0.2%
Sector Total	3,166.6	11.1%
Absolute Return		
Aurora	61.6	0.2%
BGI Total Return	225.3	0.8%
Bridgewater All Weather	105.1	0.4%
Bridgewater Pure Alpha II	41.2	0.1%
FRM Diversified	139.1	0.5%
FRM Global Equity	130.0	0.5%
GMO Multi-Strategy	9.2	0.0%
Lazard Opportunity Fund	22.6	0.1%
Quellos	158.8	0.6%
Other Absolute Return	21.4	0.1%
Sector Total	914.2	3.2%
Global Bonds		
Brandywine	300.2	1.0%
Bridgewater	419.5	1.5%
CSAM Syndicated Loan Trust	109.4	0.4%
IFM Alternative Fixed Interest Fund	491.9	1.7%
PIMCO	690.7	2.4%
Super Business Loans Unit Trust	210.0	0.7%
Other Global Bonds	44.9	0.2%
Sector Total	2,266.5	7.9%
Cash and Capital Guaranteed		
AXA Capital Guaranteed	179.0	0.6%
Credit Suisse	305.6	1.1%
Members Equity	264.1	0.9%
Other Cash	6.4	0.0%
Sector Total	755.1	2.6%
ASX 200	229.5	0.8%
TOTAL	28,630.1	100.0%

AustralianSuper's reserving policy: A reserve is the part of the Fund's assets that is not allocated to members' accounts when interest is credited. AustralianSuper distributes all accumulated investment income to members' accounts in the 31 December and 30 June statement periods. An administration reserve is maintained.

Derivatives: AustralianSuper does not directly invest in derivatives (futures and options) to reduce investment risks. Managers may use derivatives when investing the assets. Where this is the case, AustralianSuper considers the risks and the controls in place by reviewing each manager's Derivatives Risk Statement (DRS), and receives regular reports of the manager's compliance with the DRS. Derivative investments as at 30 June 2007 were 1.43% of the total market value of assets. The derivatives charge ratio did not exceed 5% of fund assets at any time during the year.

Statement of changes in net assets for the year ended 30 June 2007		
	2007 \$'000	2006 \$'000
Opening balance	21,147,706	6,776,087
+ Plus income:		
Employer contributions	2,366,672	786,565
Member contributions	867,000	105,682
Transfers inwards*	1,602,640	12,794,091
Investment income	4,279,049	1,406,972
Insurance receipts	48,007	18,849
Other income	11,783	3,272
Total income	9,175,151	15,115,431
– Less expenses:		
Benefits paid and payable	1,335,615	497,731
Administration and operating expenses	103,443	45,852
Insurance expense	99,762	24,838
Income tax expense	618,279	175,391
Total expenses	2,157,099	743,812
= Net assets available to pay benefits at year end	28,165,758	21,147,706
Made up of:		
Members' funds	28,121,499	21,081,434
Reserves	44,259	66,272
Liability for accrued benefits	28,165,758	21,147,706

AustralianSuper declares and credits investment earnings to members (after deductions for fees, tax and the cost of member protection). Reserves shown are administration fees collected from members but not yet spent on administration activities. The reserves are invested in the Stable option. We are required to report the reserves over the last 3 years – for the year to the 30 June 2005, reserves were \$22,091,910 (note, STA figure only).

*2006 figure reflects inflows from ARF – STA merger.

working just for you

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Are your details correct?

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we can't provide you with important
information or pay your superannuation
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