


# *Working just for you*

AustralianSuper Annual Report September 2009



'AustralianSuper –  
it's a better value, low  
cost fund with strong  
long-term performance.'



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## Benefits at a glance:

- Low fees
- Run only to benefit members
- Choice of investment options
- Insurance that protects members and their families
- Dedicated customer service centre
- Online access to your super account
- Best practice website
- Member education and communication
- Access to financial planning



## AustralianSuper key facts:



1.4 million members



\$26 billion in funds under management



Over one in ten working Australians enjoy the benefits of AustralianSuper



We help over 110,000 Australian businesses manage their super

## Chair and Chief Executive report



Elana Rubin Chair



Ian Silk Chief Executive

**'We strive to remain the first choice for all working Australians.'**

Elana Rubin  
Chair

**The past twelve months has been a time of great uncertainty. At AustralianSuper, we have been working hard to ensure your Fund remains competitive even in this volatile market.**

### The year in review

During the 2008/09 financial year, the Global Financial Crisis (GFC) continued to cause significant problems for investors across the world. Everyone has been impacted in some way. But while our investment performance reflects the troubled economic climate we remain committed to helping you get the most from your super.

For details of AustralianSuper's investment performance over the past 12 months read Mark Delaney's (Chief Investment Officer) commentary on page 6.

We strive to remain the first choice for all working Australians and continually look to improve our offering for you. Over the past 12 months we have been working on new projects and services to support and encourage you as you build your retirement savings.

### New products and services

The creation of our Financial Education and Advice Team (FEAT) has meant that we can provide ongoing over-the-phone specialist financial advice. This service has been well received and over 10,000 members have received help from FEAT since its inception. And, in the next 12 months we are looking

to expand this service to more personalised and tailored financial advice. We have also introduced an Investor Education Unit, dedicated to providing educational material on all aspects of the Fund's investments and performance.

Over the next year our range of online webcasts, which you can watch via our website – live or in your own time – will be expanded to keep you up-to-date with the latest investment news and retirement strategies.

On behalf of the Trustee, we are happy to present the AustralianSuper *Annual report* for the financial year ended 30 June 2009. And we continue to seek to give you every opportunity to get the most from your super and enjoy the retirement you are working hard to achieve.

Elana Rubin  
Chair

Ian Silk  
Chief Executive

# Important fund news

## Improvements to insurance cover for Industry members

### Death and Total & Permanent Disablement (TPD) benefit case management service introduced

Insurance cover isn't a big part of our lives until we need it. To help take away some of the stress of making a claim we have introduced a new **case management service**. This service was introduced on **1 December 2008**. It provides an assigned Case Manager to co-ordinate claims for assessment. It keeps everyone updated including the claimant, insurer, internal assessors and other third parties (such as doctors supplying reports). This ensures that you (in the case of a TPD claim) or your family (in the case of your death) are fully informed about the progress of the claim. The Case Manager will also explain the process and let you (or your family) know about what is needed to finalise the claim – such as any files or paperwork required.

### Make claims over the phone

Also in December 2008 we introduced TPD tele-claims where you can lodge your claim over the phone.

This means that a Fund representative will complete your initial claim form for you and clarify any issues or questions you may have about the initial requirements or process. Since introducing this process the time frame for gathering the initial information required to assess a claim has been reduced by weeks. We have also been able to more quickly identify what (if any) other information may be required and commence the process of gathering this sooner – reducing the overall timeframe for assessing claims.

We will also introduce tele-claims lodgement for income protection claims in the coming months.

## Financial Education and Advice Team (FEAT)

Another improvement, for Industry members, is our Financial Education and Advice Team (FEAT). We are pleased to say that we can now provide members with ongoing over-the-phone specialist financial advice. Since **August 2008**, our dedicated team of qualified and experienced financial advisers has given general advice to over 10,000 AustralianSuper members. And, as well as the team doubling in size, in **April 2009** the service was enhanced to include **limited personal advice** on Transitioning into retirement.

### Transition to retirement calculator

To help members understand the financial impact of making the transition from full time work into retirement, we launched our *Transition to retirement* calculator in



## Resources for employees facing retrenchment

The current global financial crisis is now significantly impacting Australians. And we know that many of our members are really feeling the strain.

Particularly those who have lost their jobs. To help members and employers going through retrenchment, we have produced our retrenchment booklet *What happens next?*

**December 2008.** The calculator helps you to understand the benefits of receiving a pension and salary (after allowing for salary sacrifice contributions to your super) while still maintaining your same take home pay. To take a look visit

[www.australiansuper.com](http://www.australiansuper.com)

## Change to exit statements for temporary residents of Australia

A change in legislation has meant that if you are a temporary resident leaving Australia, you have six months to claim your super from us. If you don't, we may transfer your benefit to the Australian Taxation Office (ATO).

Under Australian Securities and Investments Commission relief, if your benefit is paid to the ATO you will not receive an exit statement from us. If your benefit is transferred to the ATO you will need to contact them to claim your benefit.

The booklet contains a step-by-step guide to the financial decisions members need to make and the options available. And also contains resources to help people who have been retrenched on a more personal level.

To order copies of the retrenchment booklet *What happens next?* call us or visit [www.australiansuper.com](http://www.australiansuper.com) to download a copy.

## Investor Education Unit

In November 2008 we introduced a dedicated Investor Education Unit which operates as part of our Investments Department.

The aims of the Unit are to help members better understand

how their superannuation is invested and to make investment information and concepts more accessible. The Unit has launched a range of new information services, including a quarterly investment performance update, fact sheets on special topics such as unlisted assets, regular investment webcasts, and monthly email bulletins on investment topics.



## Online presentations

Proving to be very popular with members is the recently launched webcasts (online video presentations) and webinars (online seminars which enable members to ask the presenter questions). We are continually looking to improve and expand our range of topics which currently include, investment performance, super and redundancy and transitioning to retirement,

to make sure we can keep you updated on investment news and super information.

For more information on the next live webcast visit:

[www.australiansuper.com/web](http://www.australiansuper.com/web)

## 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 Pty Ltd 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.

## Eligible rollover fund

Generally, if you have less than \$700 in your account and we haven't 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 your 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 with AustralianSuper will cease.

To contact AUSfund:

> call 1300 361 798; or

> write to PO Box 2468 Kent Town SA 5071.

From 1 July 2010 all super funds will be required to transfer lost super accounts with balances less than \$200, or those that have been 'inactive' for more than five years (where there are insufficient records to identify the owner of the account) to the Australian Taxation Office (ATO). To find out more visit the Government's budget website at [www.budget.gov.au](http://www.budget.gov.au)

## AustralianSuper Trust Deed

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

During 2008/09 a number of sections of the Trust Deed were varied primarily to include changes to the definition of 'terminal medical condition', which is now a specific condition of release of benefits. New definitions for 'spouse' and 'child' have also been included which now enable death benefits to be paid to same-sex partners and their children on the same basis as opposite-sex partners and their children.

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

# The year in review

**MARK DELANEY** Chief Investment Officer



## AustralianSuper's Balanced option

The Balanced option (which is AustralianSuper's default investment option for members who do not make an investment choice) has returned -13.3% for the year and -1.6% for the six months ending 30 June 2009. For the 2009 financial year this is just below the median return for balanced superannuation funds, but it continues to place AustralianSuper above the median balanced fund over the longer periods of three, five and ten years.

The Balanced option has returned an average of 9.6% pa since inception in 1985.

## Economic and market backdrop

The world economy is experiencing its deepest economic recession since World War II. The catalyst was the collapse of a number of financial institutions, including the American investment bank Lehman Brothers in 2008. These events are now known as the global financial crisis. Share markets fell sharply as the crisis unfolded but recently have begun to recover as economic and financial conditions stabilised. In many ways 2008/09 was a year of two halves, with dramatic declines in equity markets in the first half, followed by early signs of recovery in the second half.

During this period the Australian economy has shown remarkable resilience, benefitting from strong government stimulus and our proximity to Asia.

## Shares

In these very difficult conditions, our **Australian Shares** portfolio returned -18.7% for the financial year, compared to the market return of -20.3% (as measured by the S&P/ASX 300 Index) and our **International Shares** portfolio returned -16.6% for the 12 months to June, which was a shade below the market return of -16.0% (as measured by the MSCI All Countries World ex Australia Index). **Private equity** returns were also affected, with many companies forecasting reduced earnings.

## Property and Infrastructure

The Property and Infrastructure sectors were also impacted by the sharp slowdown in the economy. **Property** values have been impacted by weakened rental markets and reduced debt capacity. Lower earning forecasts have reduced **Infrastructure** returns.

## Fixed Interest

**Fixed Interest** has performed better than any other asset class over the last financial year benefitting from the sharp decline in official interest rates that saw cash rates reduce to 3% in Australia. We also saw large declines in interest rates globally.

## Cash

**Cash** sector returns were in line with market conditions, returning 5.5% for the full financial year.

## Looking forward

Many key economic indicators are now stabilising, and recent increases in the share market are anticipating an economic recovery in 2010. This will see an overall improvement in investment conditions and at AustralianSuper we are increasing our exposure to shares to ensure our members benefit as world markets recover.

**Note that the above commentary reports returns for AustralianSuper's investment sectors and their relevant market indices gross of taxes and fees.**

# Investment performance as at 30 June 2009

Investment option	6 months %		1 year %		5 years % per annum		10 years % per annum	
	ASuper	B'mark	ASuper	B'mark	ASuper	B'mark	ASuper	B'mark
<b>PreMixed options</b>								
High Growth	-0.68	1.95	-17.37	-15.71	4.36	3.35	5.07	4.95
Balanced	-1.55	1.17	-13.30	-12.69	5.28	4.24	5.99	5.40
Sustainable Balanced	3.23	1.17	-8.34	-12.69	4.08	4.24	NA	NA
Conservative Balanced	-0.68	1.37	-10.24	-9.26	NA	NA	NA	NA
Stable	-0.31	1.45	-3.01	-3.44	5.27	4.33	NA	NA
Capital Guaranteed	1.09	-0.41	4.41	8.64	4.78	5.54	4.72	5.53
<b>DIY options</b>								
Australian Shares	9.90	8.21	-16.96	-18.18	7.35	5.62	NA	NA
International Shares	2.20	-6.01	-14.76	-15.10	-0.66	-2.50	NA	NA
Australian Sustainable Shares	26.42	7.99	0.29	-18.61	5.41	5.19	NA	NA
International Sustainable Shares	2.03	-6.38	-13.58	-13.78	-3.79	-3.18	NA	NA
Property	-12.39	-7.87	-15.41	-11.59	5.98	8.28	7.43	8.78
Australian Fixed Interest	0.10	-0.98	7.99	8.86	4.67	4.89	NA	NA
Diversified Fixed Interest	2.52	-0.10	4.57	9.11	4.81	5.53	5.62	5.56
International Fixed Interest	0.51	0.26	-4.55	9.44	3.78	6.26	NA	NA
Cash	1.40	1.54	6.00	4.62	5.33	5.10	NA	NA

## Benchmarks

**High Growth** – SR50 Median Growth option. **Balanced** – SR50 Median Balanced option. **Sustainable Balanced** – SR50 Median Balanced option. **Conservative Balanced** – SR25 Median Conservative Balanced option. **Stable** – SR50 Median Capital Stable option. **Capital Guaranteed** – (70% UBSA Composite All Maturities Bond Index + 30% UBSA Bank Bill Index) adjusted for fees and tax. **Australian Shares** – S&P/ASX300 Accumulation Index adjusted for fees and tax. **International Shares** – MSCI AC World ex Australia (in \$A) Index adjusted for fees and tax. **Australian Sustainable Shares** – S&P/ASX300 Accumulation Index adjusted for fees and tax. **International Sustainable Shares** – MSCI World Net Dividend Reinvested Unhedged to AUD adjusted for fees and tax. **Property** – Mercer Unlisted Property Index adjusted for fees and tax. **Australian Fixed Interest** – UBSA Composite All Maturities Bond Index adjusted for fees and tax. **Diversified Fixed Interest** – from 1 July 2008 (50% UBSA Composite All Maturities Bond Index + 50% Barclays Global Aggregate Index hedged to AUD) adjusted for fees and tax. **International Fixed Interest** – Citigroup WGB Hedged Index adjusted for fees and tax. **Cash** – UBSA Bank Bill Index adjusted for fees and tax.

The returns quoted are net of fees and tax. The 1 year, 5 year and 10-year figures are rolling returns as at 30 June 2009. In calculating historical returns, combined ARF and STA returns (asset-weighted where possible) have been used where both Funds previously offered equivalent investment options. Where only one of the merging funds previously offered an option, the returns for that option have been used. The Conservative Balanced option commenced on 1 January 2008.

# Your investment options

Each of the AustralianSuper investment options has different objectives and strategies to meet them. These are outlined below.

## PreMixed investment options

### High Growth

Designed for members who want higher growth over the medium to long term and who accept greater volatility of investment returns year to year, including the possibility of negative returns in some years.

**Risk: High**

**Investment objective:** To outperform (after fees and taxes) the median growth fund and CPI<sup>1</sup> + 5% per annum over the medium to longer term.

### Balanced option

Designed for members who want a level of return over the medium term that is competitive with other balanced funds, and who accept that there will be some fluctuation of returns from year to year, including the possibility of negative returns.

**Risk: Medium**

**Investment objective:** To outperform (after fees and taxes) the median balanced fund and CPI<sup>1</sup> + 4% per annum over the medium to longer term.

### Sustainable Balanced

A socially responsible investment (SRI) option that has been developed for members who want to invest in environmentally and socially responsible companies and who expect investment returns similar to those of other balanced funds, and accept that there will be some fluctuation of returns, including the possibility of negative returns in some years.

**Risk: Medium**

**Investment objective:** To outperform (after fees and taxes) the median balanced fund and CPI<sup>1</sup> + 4% per annum over the medium to longer term.

### Conservative Balanced

Aimed at members approaching retirement and is designed to provide solid capital accumulation, strong yield and sound capital protection, which is competitive with other balanced funds. There may be some risk of a negative return over three years but minimal risk over five years.

**Risk: Low-medium**

**Investment objective:** To outperform (after fees and taxes) the median conservative balanced fund and CPI<sup>1</sup> + 3.5% per annum, over the medium to longer term.

### Stable

Developed for members who are happy to achieve relatively conservative investment growth and who want greater security of their assets than may be provided through the High Growth, Balanced, Sustainable and Conservative Balanced investment options.

**Risk: Low-medium**

**Investment objective:** To outperform (after fees and taxes) the median capital stable fund and CPI<sup>1</sup> + 3% per annum, over the medium term.

### Capital Guaranteed

Designed for members whose primary focus is on the security of their assets and who are willing to accept relatively modest investment growth in order to achieve this.

**Risk: Low**

**Investment objective:** To guarantee a member's capital<sup>2</sup>. The aim of this investment option is to outperform (after fees and taxes) retail cash management accounts by at least 0.5% per annum.

1. 'CPI' stands for Consumer Price Index – an index measuring the prices at various times of a selected group of goods and services that typify those bought by ordinary Australian households. It allows comparisons of the relative cost of living over time, and is used as a measure of inflation.

2. The Capital Guaranteed investment option invests through a life office capital guaranteed statutory fund under a policy issued by AXA Australia. The terms of this policy have the effect that the original capital amount invested cannot reduce due to poor investment returns.





For information about making an investment choice, please refer to the *Member investment choice* guide, available from our website at [www.australiansuper.com](http://www.australiansuper.com)

## DIY Mix investment options

### Australian Shares

**Management style:** To invest with a combination of passive and active-style managers to produce strong investment performance within a cost-effective structure.

**Risk: High**

**Investment objective:** To outperform (after fees and taxes) the S&P/300 Accumulation Index\* over the medium to longer term.

### International Shares

To invest most of this asset class with active-style managers and a proportion with indexed-style managers to produce strong investment performance within a cost-effective structure. Currency hedging is not used. This means the option is fully exposed to foreign exchange movements.

**Risk: High**

**Investment objective:** To outperform (after fees and taxes) the MSCI World All Countries (ex-Australia) Index\* over the medium to longer term.

### Australian Sustainable Shares

To invest the asset class with active-style managers, to produce a result which exceeds the manager's investment benchmarks.

**Risk: High**

**Investment objective:** To outperform (after fees and taxes) the S&P/ASX 300 Accumulation Index\* over the medium to longer term.

### International Sustainable Shares

**Management style:** To invest with the asset class with active-style managers, to produce a result which exceeds the manager's investment benchmarks. Currency hedging is not used. This means the option is fully exposed to foreign exchange movements.

**Risk: High**

**Investment objective:** To outperform (after fees and taxes) the MSCI World All Countries (ex-Australia) Index\* over the medium to longer term.

### Property

**Management style:** To invest with a variety of property managers, both local and international, to produce strong and stable investment performance within a cost-effective structure.

**Risk: High**

**Investment objective:** To outperform (after fees and taxes) CPI<sup>1</sup> + 3% per annum over the medium term.

### Australian Fixed Interest

**Management style:** To invest with passive-style manager/s to produce stable investment performance within a cost-effective structure.

**Risk: Low-medium**

**Investment objective:** To outperform (after fees and taxes) CPI<sup>1</sup> + 1-2% per annum over the medium term.

### International Fixed Interest

**Management style:** To invest with passive-style manager/s to produce stable investment performance within a cost-effective structure. Currency hedging is used. This means the option is protected as fully as possible from foreign exchange movements.

**Risk: Low-medium**

**Investment objective:** To outperform (after fees and taxes) CPI<sup>1</sup> + 1-2% per annum over the medium term.

### Diversified Fixed Interest

**Management style:** To invest with passive-style manager/s to produce stable investment performance within a cost-effective structure. Currency hedging is used. This means the option is protected as fully as possible from foreign exchange movements.

**Risk: Low-medium**

**Investment objective:** To outperform (after fees and taxes) CPI<sup>1</sup> + 1-2% per annum over the medium term.

### Cash

**Management style:** To invest with a number of managers to produce a return above the official cash rate.

**Risk: Low**

**Investment objective:** To outperform (after fees and taxes) the CPI each year.

\* Adjusted for tax.

# Investment managers as at 30 June 2009

Asset class/manager	2008 FUM \$M	2009 FUM \$M
<b>Australian equities</b>		
452 Capital	376.80	0.00
Acadian Long/Short Fund	109.85	0.00
Alliance Shares	293.98	0.00
Alpha	345.52	0.00
Ausbil Dexia	448.05	516.15
AVIVA Investors	0.00	61.79
BGI Australia Alpha Advantage Equity Fund	144.31	0.00
BGI Equitised Long/Short	162.91	0.00
Cannae	34.64	0.00
Concord	543.94	619.91
Cooper Investors	50.43	0.00
Eley Griffiths	75.18	58.16
Greencape Capital	35.94	0.00
GSJB Were	37.14	0.00
IFM 100 Leaders	906.87	0.00
IFM Index 300	0.00	4,155.56
Integrity	36.30	0.00
Kinetic	217.08	0.00
L1 Capital	24.80	0.00
Legg Mason	21.46	0.00
Macquarie Australian Long/Short Fund	230.64	0.00
Macquarie Shares	1,600.78	0.00
Northcape Capital	36.41	0.00
Orbis Australian Equity Fund	50.18	0.00
Orion	631.05	652.23
Paradise Mid Caps	114.16	90.74
Paradise Small Caps	180.68	0.00
Perpetual	985.14	850.51
Perpetual Ethical	52.92	74.45
Perpetual Long/Short	164.71	0.00
Platypus	242.22	0.00
Portfolio Partners	87.69	0.00
Renaissance	110.35	0.00
Vanguard	282.70	234.74
<b>Sector total</b>	<b>8,634.84</b>	<b>7,314.24</b>
<b>International equities</b>		
Acadian	433.36	338.38
Acadian Long/Short	324.03	0.00
Alliance Bernstein GSB	644.46	0.00
Baillie Gifford	710.55	571.83
Brandes	123.72	0.00
Capital International	901.38	767.69
Dexia Sustainable Equity Fund	20.19	22.54
First State Investments	86.50	89.76
LSV	348.10	326.31
Marathon	313.99	367.19
Marvin & Palmer	169.95	117.29
Orbis Global	602.96	692.21
SSGA Global Index	566.56	940.50
T. Rowe	444.18	518.73
<b>Sector total</b>	<b>5,689.95</b>	<b>4,752.44</b>

<b>Property</b>		
664 Collins St	0.00	0.03
664 Collins St Loans	0.00	3.13
AMP Core Property	290.34	256.82
AMP Life Limited – Diversified Property	2.06	0.00
BGI Australia Listed Property Index Fund	6.60	0.00
Burswood	57.50	51.37
Caryle Reality V LP	30.08	51.07
Charter Hall Opportunity Fund No. 4	19.82	18.04
Charter Hall Opportunity Fund No. 5	4.59	20.68
Colyzeo Fund II	43.55	12.25
Fiduciary International Real Estate 2	32.66	30.29
Fortius Active Property Trust No1	111.63	76.71
GPT Wholesale Office Fund	197.16	160.07
Gresham Property 2	5.84	6.82
Hotel & Leisure Trust	26.66	2.11
ICA Property Development Fund 4	14.12	4.62
ICA Property Development Fund 5	5.15	12.06
Industry Superannuation Development Trust	94.88	79.34
ISPT Core	2,041.71	1,709.22
ISPT Development and Opportunities Fund No.1	0.00	48.57
ISPT Development and Opportunities Fund No.2	0.00	5.13
ISPT Grosvenor Unhedged	208.33	132.71
ISPT NO 3	45.98	0.00
Legg Mason Prop Sec Trust	28.98	0.00
Macquarie Fund III (FT T2)	6.45	7.09
Macquarie Global Property Asia (FT T1)	26.59	23.73
Macquarie Japan Code Plus (FT T1)	13.49	17.41
Magenta Shores (AS Super Property)	16.61	0.00
Mirvac AustSuper Trust (AS Super Property)	37.87	10.50
Morgan Stanley Real Estate 5 (FT T1)	24.28	12.44
Russel Intl Prop Sec Fund	0.85	0.00
<b>Sector total</b>	<b>3,393.78</b>	<b>2,752.20</b>
<b>Private equities</b>		
Actis India 3 LP	0.00	2.86
Advent Private Equity No 1	7.12	4.30
Advent Private Equity No 2	7.12	4.30
Advent V Trust A	0.00	6.64
Advent V Trust B	0.00	6.64
American Securities Partners	0.00	6.41
Archer Capital Fund 4A	0.00	19.09
Archer Capital Fund 4B	0.00	19.09
Archer Private Equity 2A	2.43	3.73
Archer Private Equity 2B	2.44	3.73
Archer Private Equity 3	13.16	16.33
Archer Private Equity 3A	2.62	1.58
Archer Private Equity 3B	2.62	1.58
Catalyst Buyout Trust 1A	0.00	10.73
Catalyst Buyout Trust 1B	0.00	10.73
Catalyst Buyout Trust 2A	0.00	0.01
Catalyst Buyout Trust 2B	0.00	0.01
Champ Ventures 6A	0.00	5.18
Champ Ventures 6B	0.00	5.18

Asset class/manager	2008 FUM \$M	2009 FUM \$M
<b>Private equities continued</b>		
CHAMP Ventures Investment No 5A	4.09	2.53
CHAMP Ventures Investment No 5B	4.09	2.53
CVC Euro Equity Partners V	0.00	8.28
Frontier Ordinary	0.71	0.83
Frontier Preference	0.11	0.11
Hastings Private Equity Fund 1A	1.46	1.65
Hastings Private Equity Fund 1B	1.46	1.65
Hastings Private Equity Fund 2A	5.68	6.14
Hastings Private Equity Fund 2B	5.68	6.14
IFAT Industry Funds Admin	8.86	8.07
IFAT No. 3	7.71	7.02
IFBT Company Fully Paid	22.37	187.17
IFBT Company Partly Paid	219.71	0.00
IFM AUST PRIV EQ FD4	37.41	70.22
IFM Australia Private Equity Sub	112.46	0.00
IFM II Net	57.50	44.42
IFM III Net	67.85	62.65
IFM International Private Equity Fund	78.51	67.70
IFM International Private Equity Fund II	79.53	99.74
IFM International Private Equity Fund III	7.08	16.61
Ironbridge 2A	0.00	8.13
Ironbridge 2B	0.00	8.13
Ironbridge Capital Fund A	5.56	2.90
Ironbridge Capital Fund B	5.56	2.90
Longitude Venture Partners	2.09	8.54
Macquarie Global Opportunity	35.23	61.57
Nanyang II Australia Fully Paid	1.49	0.41
New Mountain Partners	10.04	20.75
NEXT Capital 1	13.01	13.32
NEXT Capital 1A	8.30	6.62
Pacific Equity Fund IV-Core	0.00	13.48
Pacific Equity Fund IV-Supp	0.00	3.86
Portland Orthopaedic	0.32	0.24
Quadrant Private Equity 2A	0.00	3.07
Quadrant Private Equity 2B	0.00	3.07
Quadrant Private Equity 2LP	0.00	19.58
SuperPartners Pty Ltd	0.00	20.35
Vencap 12	3.09	8.10
Venture Capital 1	1.53	0.00
Venture Capital 1	0.00	3.37
Virtual Communities	2.49	2.35
Weathergage	5.36	11.56
Wolseley Partners 1	4.17	0.00
Wolseley Partners 1	0.00	3.74
Wolseley Partners 1A	4.30	0.00
Wolseley Partners 1A	0.00	2.31
Wolseley Partners 1B	4.30	0.00
Wolseley Partners 1B	0.00	2.31
<b>Sector total</b>	<b>866.62</b>	<b>952.25</b>
<b>Infrastructure</b>		
ANZ Energy Infrastructure Trust	56.52	55.37
Australian Super Icon Parking Trust New York	39.67	25.75

<b>Infrastructure continued</b>		
GSPX Limited Partner	104.20	76.30
IFM Infrastructure Net	1,239.23	1,217.80
IFM International Infrastructure Fund	1,572.87	1,232.92
Kemble Water Eurobond PLC	22.37	22.57
Kemble Waters Holdings	205.93	165.30
Macquarie Euro Infrastructure II	44.12	0.00
Macquarie Euro Infrastructure II	0.00	49.77
Macquarie Global Infrastructure Fund A	0.22	0.07
Macquarie Global Infrastructure Fund B	36.15	30.76
Macquarie Global Infrastructure I A LLP	24.89	44.78
Macquarie Global Infrastructure II B LLP	13.81	8.66
Macquarie SBI Infrastructure	0.00	2.10
Moto	65.33	35.45
RARE Infrastructure	88.93	78.46
Utilities Trust of Australia	325.11	382.81
<b>Sector total</b>	<b>3,839.35</b>	<b>3,428.88</b>
<b>Absolute return</b>		
Aurora Offshore Fund 2	64.76	0.00
Basis Aust RIM Opp Fund	1.25	0.23
BGI Total Ret Multi Opp Fd	252.04	243.57
Bridgewater Pure Alpha Fund	4.49	4.20
Bridgewater Pure Alpha Fund II	45.93	49.85
FRM Diversified Australia Fund Net	151.92	0.00
FRM Global Equity Fund	126.08	0.00
Jana Triplepoint Fund	204.32	182.05
Quellos Capital Management – KEL Fund Net	162.40	61.61
<b>Sector total</b>	<b>1,013.19</b>	<b>541.51</b>
<b>Global bonds</b>		
Brandywine	465.84	467.05
Bridgewater	469.20	495.76
CSAM Syndicated Loan Trust	110.61	104.93
IFST Alternative Fixed Interest	498.17	514.41
Kapstream Absolute	51.59	55.61
PIMCO	485.27	0.00
PIMCO Australian Fixed Interest Unit Trust	37.81	0.00
PIMCO International Fixed Interest Unit Trust	24.87	0.00
SMHL Private Placement Trust	197.60	0.00
SSGA Australian Fixed Income Trust	0.00	304.50
SSGA Global Fixed Income Trust	0.00	23.10
Super Business Loans Unit Trust	258.41	284.87
<b>Sector total</b>	<b>2,599.36</b>	<b>2,250.24</b>
<b>Cash</b>		
CSAM Cash Account	216.13	78.89
IFM Transaction Cash Fund	0.00	1,847.72
Macquarie Enhanced Cash	0.00	433.54
MEPM Liquidity	1,981.58	0.00
SMHL Private Placement Trust	0.00	500.00
<b>Sector total</b>	<b>2,197.70</b>	<b>2,860.14</b>
<b>Capital guaranteed</b>		
AXA Capital Guaranteed	414.40	956.03
<b>Sector total</b>	<b>414.40</b>	<b>956.03</b>

# Financial statements

The details below are a summary of AustralianSuper's statements for the last two financial years. Statements for 2009 are taken from unaudited accounts. Copies of the full audited financial statements and auditor's report will be available by mid-October 2009 on request.

AustralianSuper financial statements for the year ended 30 June 2009		
	2008 \$'000	2009 \$'000
<b>Opening balance</b>	<b>28,165,758</b>	<b>28,833,556</b>
<b>+ plus income:</b>		
Employer contributions	2,804,936	3,004,110
Member contributions	570,241	401,466
Transfers inwards	1,912,546	1,774,536
Investment income	(1,951,363)	(4,124,029)
Insurance receipts	67,192	96,414
Other income	8,905	7,027
<b>Total income</b>	<b>3,412,457</b>	<b>1,159,524</b>
<b>- less expenses:</b>		
Benefits paid and payable	2,414,057	2,269,065
Administration & operating expenses	96,109	114,270
Insurance expense	125,740	152,889
Income tax expense	108,753	(81,650)
<b>Total expenses</b>	<b>2,744,659</b>	<b>2,454,574</b>
<b>= net assets available to pay benefits at year end</b>	<b>28,833,556</b>	<b>27,538,506</b>
<b>Made up of:</b>		
Members' funds	28,672,497	27,323,179
Reserves	161,059	215,327
<b>Liability for accrued benefits</b>	<b>28,833,556</b>	<b>27,538,506</b>

# Annual crediting

## Annual crediting – financial year returns

### Derivatives

AustralianSuper may 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. The derivatives charge ratio did not exceed 5% of fund assets at any time during the year.

### AustralianSuper's reserving policy

A reserve is the part of the Fund's assets that is not allocated to members' accounts. An administration reserve, an investment contingency reserve and an insurance reserve are maintained.

The investment contingency reserve is invested across all investment options. The other reserves are invested in the Stable option.

#### The reserves for the past 3 years to 30 June 2009:

	2007	2008	2009
	\$'000	\$'000	\$'000
Reserves	44,259	161,059	215,327

Investment option	2005 %	2006 %	2007 %	2008 %	2009 %
<b>PreMixed options</b>					
High Growth	14.5	19.8	19.2	-8.4	-17.4
Balanced	14.4	17.5	17.8	-5.8	-13.3
Sustainable Balanced	12.0	13.7	16.1	-9.9	-8.3
Conservative Balanced	NA	NA	NA	NA	-10.2
Stable	9.5	9.0	9.1	2.3	-3.0
Capital Guaranteed	4.3	5.0	5.3	4.9	4.4
<b>DIY Mixed options</b>					
Australian Shares	25.6	23.2	27.2	-12.8	-17.0
International Shares	3.3	20.8	11.2	-18.2	-14.8
Australian Sustainable Shares	22.9	18.1	22.9	-27.2	0.3
International Sustainable Shares	-0.2	16.0	3.5	-20.5	-13.6
Property	10.3	14.8	16.2	7.4	-15.4
Australian Fixed Interest	7.6	3.5	2.9	1.6	8.0
Diversified Fixed Interest	8.6	3.3	3.7	3.9	4.6
International Fixed Interest	11.0	3.9	2.9	6.4	-4.5
Cash	4.6	5.3	5.6	5.1	6.0

**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, where possible. The same process had been used for calculating historical investment fees. Past performance is not an indication of future returns.

Note: The Conservative Balanced option commenced 1 January 2008.

# 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.

Directors are appointed by the Australian Council of Trade Unions (ACTU) and the Australian Industry Group (Ai Group). At 30 June 2009, the Board included representatives from the ACTU, Ai Group, Australian Manufacturing Workers' Union (AMWU), the Australian Workers' Union (AWU) and Australian Liquor, Hospitality and Miscellaneous Workers Union (LHMU).

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

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

## Trustee committees

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

**The following Directors are representatives on the AustralianSuper Trustee Board to 30 June 2009**

From Left:  
Ms Cath Bowtell,  
Mr Paul Howes,  
Mr Lucio DiBartolomeo,  
Mr John Ingram,  
Mr Jeff Lawrence,  
Mr Bernie Fraser,  
Ms Elana Rubin (Chair),  
Dr Walter Uhlenbruch  
AO CLJ,  
Ms Alison Terry,  
Mr Grahame Willis,  
Mr Brian Daley

Inset below:  
Ms Heather Ridout  
Mr Dave Oliver



## Changes to the AustralianSuper Trustee Board

**There have been a number of changes to the Trustee Board over the past twelve months.**

We are pleased to announce the following appointments:

**Alison Terry** – nominated by Ai Group as an Employer Director. Alison brings expertise in government relations, legal and regulatory exposures and financial management to the AustralianSuper Board. Alison replaced Mr Peter Thomas effective from 31 March 2009.

**Jeff Lawrence** – nominated by the Australian Council of Trade Unions (ACTU) as a Member Director. Jeff's breadth of experience in and understanding of the union movement

spans over a career of more than 30 years. Jeff replaced Mr Nixon Apple on the Trustee Board effective from 25 August 2008.

### **Movements within the Trustee Board**

**Nixon Apple** – resigned as a Director effective from 24 August 2008. Mr Apple remains as an Alternate Director for David Oliver, effective from 25 August 2008, and remains a member of the Investments Committee.



### **Peter Thomas**

It is with our deepest regret that we notify you of the recent passing of our Ai Group nominated Director – Peter Thomas. Peter was an instrumental member of the Trustee Board. He was a passionate supporter of the Australian manufacturing industry and vocational education and skills development. Peter was appointed a Member (AM) in the General Order of Australia in the Queens Birthday Honours List in 2002. He was a driving force behind the merger of ARF and STA to form AustralianSuper. He was an active member of our Investment Committee and the Member and Employer Services Committee. He is a great loss to our Fund, as well as the many organisations and people he helped. He will be sorely missed and our thoughts are with his family.

## 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 2009 are listed below.

### **Accountant**

Superpartners Pty Ltd

### **Consulting Actuary**

The Heron Partnership Pty Limited

### **Administrator**

Superpartners Pty Ltd

### **Corporate Administrator**

Mercer Pty Ltd

### **External auditor**

Ernst & Young

### **Internal auditor**

PricewaterhouseCoopers

### **Employer contribution arrears collection**

Industry Funds Credit Control

### **Group Life Insurer**

CommInsure (*registered business name of The Colonial Mutual Life Assurance Society Limited*)

### **Principal investment advisers**

Frontier Investment Consulting  
JANA Investment Advisers Pty Ltd

### **Legal advisers**

Holding Redlich  
Deacons  
IFS Legal Pty Ltd  
Mercer Legal

### **Master Custodian**

JP Morgan Chase Bank

### **Tax adviser**

KPMG



working just for you

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