

Annual Report

September 2011

Why AustralianSuper?

- Low fees
- Run only to benefit members
- Strong long-term investment performance
- Choice of investment options
- Great value insurance for members and their families





From the Chair and Chief Executive

Since our last *Annual Report* AustralianSuper has grown considerably. There are now 1.8 million Australians like you who have their super invested with the Fund, and we manage over \$42 billion on their behalf.

Much of this growth came about as the result of a merger between AustralianSuper and Westscheme, the premier Western Australian super fund, on 30 June 2011. The next day we welcomed more than 200,000 Westscheme members and 25,000 employers, who became the founding participants of the Westscheme Division of AustralianSuper. Also joining us in our new Aviation Industry Division from 1 July were members and employers of The Aviation Industry Super Trust.

Delivering on our commitment

Our commitment to members is to provide the best possible retirement outcomes. We do this by using our size to keep our fees low – they're amongst the lowest in the super industry – and to use our expertise to deliver strong long-term investment performance.

In this Report, you'll see how our investment options have performed in 2010/11 as well as over the last 5 and 10 years. You'll also see how despite volatile investment conditions, all of the Fund's investment options ended the 2010/11 financial year in positive territory.

AustralianSuper's Balanced option returned 10.27% in 2010/11, which continues our strong outperformance compared to the median* Balanced option, which returned 8.71%. Over ten years, our average annual return of 6.13% considerably outperforms the median Balanced option return of 4.94%. See pages 3 and 10 for details.

We thank you for your support in helping us do what we are committed to: providing the best possible retirement outcomes for members.

Elana Rubin
Chair

Ian Silk
Chief Executive

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*SR50 Median Balanced Option, SuperRatings Fund Crediting Rate Survey, June 2011

Investment performance

As at 30 June 2011

AustralianSuper's long-term investment performance has been consistently strong, despite the short-term fluctuations in investment returns that occur from time to time.

Investment performance to 30 June 2011	10 years % pa		5 years % pa		1 year %		6 months %	
	A'Super	B'mark	A'Super	B'mark	A'Super	B'mark	A'Super	B'mark
PreMixed options								
High Growth	5.30	4.51	1.97	1.36	11.28	9.40	1.69	1.19
Balanced (default)	6.13	4.94	3.15	2.49	10.27	8.71	2.14	1.69
Sustainable Balanced	n/a	n/a	3.21	2.49	9.35	8.71	3.35	1.69
Conservative Balanced	n/a	n/a	n/a	n/a	10.57	7.70	2.69	2.03
Stable	n/a	n/a	5.03	3.90	8.66	6.70	2.95	2.43
Capital Guaranteed	4.50	4.19	4.48	4.34	4.76	3.80	2.44	1.88
DIY Mix options								
Australian Shares	7.93	6.52	3.12	1.76	11.73	11.10	-1.73	-1.52
International Shares	-0.64	-3.42	-2.72	-4.58	4.49	1.12	1.12	-0.24
Australian Sustainable Shares	n/a	n/a	4.59	1.61	9.84	10.57	0.93	-1.50
International Sustainable Shares	n/a	n/a	-6.30	-4.78	3.50	1.93	2.27	0.39
Property	6.75	7.53	3.26	4.98	9.14	8.43	3.72	4.03
Australian Fixed Interest	n/a	n/a	4.79	5.35	5.07	4.58	3.81	3.69
International Fixed Interest	n/a	n/a	3.23	6.60	5.62	4.41	3.20	2.60
Diversified Fixed Interest	6.16	5.58	5.97	5.83	7.94	5.01	4.28	3.37
Cash	4.72	4.55	5.07	4.69	4.39	4.16	2.37	2.06

Benchmarks

High Growth: SuperRatings SR50 Median Growth, **Balanced:** SuperRatings SR50 Median Balanced, **Sustainable Balanced:** SuperRatings SR50 Median Balanced, **Conservative Balanced:** SuperRatings SR25 Median Conservative Balanced, **Stable:** SuperRatings SR25 Median Capital Stable, **Capital Guaranteed:** 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 Index adjusted for fees and tax, **Property:** Mercer/IPD Australian Pooled Property Fund Index adjusted for fees and tax, **Australian Fixed Interest:** UBSA Composite All Maturities Bond Index adjusted for fees and tax, **Diversified Fixed Interest:** (50% UBSA Composite All Maturities Bond Index + 50% Barclays Capital Global Aggregate Bond Hedged Index) 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 (see note on page 10). The 1 year, 5 year and 10 year figures, where they appear, are rolling returns as at 30 June 2011. Past performance gives no indication of future returns.

Your investment options

Each AustralianSuper investment option has different objectives and strategies. For information about how to invest your super, have a look at our *Investment Choice Guide* available from our website at www.australiansuper.com

PreMixed investment options

High Growth

An aggressive diversified option that invests across most asset classes, with a large proportion in Australian and international shares.

Risk: High

Investment objective: To outperform (after fees and tax) the annual returns of the median growth fund and an average annual return of CPI¹ + 5% over the long term.

Balanced option

A diversified option that invests across most asset classes, with a large proportion in Australian and international shares, property and infrastructure. This option has a higher allocation to fixed interest and cash than the High Growth option.

Risk: Medium-high

Investment objective: To outperform (after fees and tax) the annual returns of the median balanced fund and an average annual return of CPI¹ + 4% over the medium to long term.

Sustainable Balanced

A diversified option that invests across most asset classes. A 'best of sector' approach is taken to selecting companies in the shares allocation, according to specific sustainable selection criteria.

Risk: Medium-high

Investment objective: To outperform (after fees and tax) the annual returns of the median balanced fund and an average annual return of CPI¹ + 4% over the medium to long term.

Conservative Balanced

A diversified conservative option that invests across most asset classes. This option has a higher allocation to fixed interest and cash than the Balanced option.

Risk: Medium

Investment objective: To outperform (after fees and tax) the annual returns of the median conservative balanced fund and an average annual return of CPI¹ + 3.5% over the medium term.

Stable

A defensive option that invests across most asset classes, but mainly fixed interest and cash.

Risk: Low-medium

Investment objective: To outperform (after fees and tax) the annual returns of the median capital stable fund and an average annual return of CPI¹ + 3% over the medium term.

Capital Guaranteed

A defensive option that invests wholly in a capital guaranteed fund provided by a life office. The invested capital amount is guaranteed but the income may be reduced in the event of poor investment returns.

Risk: Low

Investment objective: To guarantee a member's capital². The aim of this investment option is to outperform retail cash management accounts by at least 0.5% pa (after fees and tax).

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 and the manager aims to provide a smoothed investment return.

DIY Mix investment options

Australian Shares

Management style: Invests with a combination of index and active-style managers in over 300 companies listed on the Australian Securities Exchange.

Risk: High

Investment objective: To outperform (after fees and tax) the S&P/ASX300 Accumulation Index over the long term.

International Shares

Management style: Invests with a combination of index and active-style managers, in a selection of over 1,200 companies listed on sharemarkets around the world, including emerging markets. Currency hedging is not used, meaning the option is fully exposed to foreign exchange movements.

Risk: High

Investment objective: To outperform (after fees and tax) the MSCI World All Countries (ex-Australia) Index over the long term.

Australian Sustainable Shares

Management style: To invest with an active-style manager, in a selection of companies listed on the Australian Securities Exchange. A 'best of sector' approach is taken to selecting the companies, according to specific sustainable investment criteria.

Risk: High

Investment objective: To outperform (after fees and tax) the S&P/ASX300 Accumulation Index over the medium to long term.

International Sustainable Shares

Management style: This option is invested with an international shares manager. A 'best of sector' approach is taken to selecting the companies, according to specific sustainable investment criteria. Currency hedging is not used, meaning the option is fully exposed to foreign exchange movements.

Risk: High

Investment objective: To outperform (after fees and tax) the MSCI World Net Dividend Reinvested Unhedged Index over the medium to long term.

Property

Management style: Invests with a range of property assets in Australia and overseas. Investments are in direct property (ie not listed on a stock exchange), using a variety of specialist property Investment Managers.

Risk: Medium

Investment objective: To outperform (after fees and tax) the returns of the Mercer/IPD Australian Pooled Property Fund Index and an average annual return of CPI¹ + 3% over the medium term.

Australian Fixed Interest

Management style: Invests with active and/or index managers primarily in Australian fixed interest securities (such as government and semi-government bonds and short-term securities). The option may also on occasion have a limited exposure to international securities. This exposure would be fully hedged to the Australian dollar, with the aim of diversifying the portfolio and improving investment returns.

Risk: Medium

Investment objective: To outperform (after fees and tax) the returns of the UBSA Composite All Maturities Bond Index and an average annual of CPI¹ + 1–2% over the medium term.

International Fixed Interest

Management style: Invests with index manager(s) in international fixed interest securities (such as inflation-linked, government and non-government bonds), including emerging markets. Currency hedging is used, meaning the option is protected as fully as possible from foreign exchange movements.

Risk: Medium

Investment objective: To match (after fees and tax) the returns of the Citigroup WGB Hedged Index and outperform an average annual return of CPI¹ + 1–2% over the medium term.

Diversified Fixed Interest

Management style: Invests with a combination of active and index-style manager(s) in a range of fixed interest securities (such as inflation-linked, government and non-government bonds, high-yield loans, asset-backed and short-term securities), in Australia and overseas, including emerging markets. Currency hedging is used, meaning the option is protected as fully as possible from foreign exchange movements.

Risk: Low-medium

Investment objective: To outperform (after fees and tax) the returns of 50% of the UBSA Composite All Maturities Bond Index plus 50% of the Barclays Global Aggregate Bond Hedged Index and an average annual return of CPI¹ + 1–2% over the medium term.

Cash

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

Risk: Low

Investment objective: To outperform (after fees and tax) CPI¹ and match the annual returns of the UBSA Bank Bill Index each year.

ASX 200 Shares

This option allows you, subject to eligibility, to invest up to 50% of your account in a combination of the largest 200 companies listed on the Australian Securities Exchange (ASX). This option is recommended only for self-directed investors who have a specific strategy for the long-term investment of their super. We strongly urge members to consult a licensed financial adviser before investing in this option.

Investments and Investment Managers

As at 30 June 2011

The following Investment Managers held customised mandates assigned to them by AustralianSuper to invest funds on our behalf:

Ankura Capital Pty Ltd, Ausbil Dexia Ltd, Aviva Investors Australia Limited, Baillie Gifford Overseas Ltd, Bennelong Australian Equity Partners Pty Ltd, Bentham Asset Management Pty Ltd, Brandywine Global Investment Management LLC, Bridgewater Associates LP, Capital International Inc, Challenger Managed Investments Limited, Colonial First State Asset Management (Australia) Limited, Concord Capital Ltd, Eley Griffiths Group Ltd, FIL Limited, First State Investments International Limited, Genesis Asset Managers LLP, Harding Loevner LP, Independent Franchise Partners, LLP, Industry Funds Management Pty Ltd, LSV Asset Management, Macquarie Investment Management Ltd, Marathon Asset Management Australia Ltd, Northcape Capital Pty Ltd, Orion Asset Management Limited, Paradice Investment Management Pty Ltd, Perennial Investment Partners Limited, Perpetual Investment Management Ltd, RARE Infrastructure Limited, Schroder Investment Management Australia Limited, State Street Global Advisors Australia Ltd, Wellington International Management Company Pte Ltd.

The above Investment Managers also appear in the tables on pages 6–8, which detail the composition of each of the Fund's asset class portfolios.

The tables also include the Investment Managers which managed pooled trusts or funds on behalf of AustralianSuper and other institutional investors, as well as other investments held by AustralianSuper.

Investments	2011 \$ '000	2010 \$ '000
Australian equities		
Ankura Capital Pty Ltd	406,822	0
ASX 200 Shares Option	236,211	204,226
Ausbil Dexia Ltd	1,009,719	911,941
Australian Sustainable Share Managers	5,813	48,036
Aviva Investors Australia Ltd	292,316	206,667
Bennelong Australian Equity Partners Pty Ltd	158,537	0
Cash and Sundry Assets*	336,517	336,634
Colonial First State Asset Management (Australia) Limited	157,921	0
Concord Capital Ltd	542,325	1,024,331
Eley Griffiths Group Ltd	202,831	172,345
FIL Ltd	525,081	0
Industry Funds Management Pty Ltd	7,353,424	4,928,692
Macquarie Investment Management Ltd	407,197	5
Northcape Capital Pty Ltd	237,464	188,739
Orion Asset Management Ltd	1,035,449	919,081

Investments	2011 \$ '000	2010 \$ '000
Australian equities cont.		
Paradice Investment Management Pty Ltd	124,959	106,887
Perpetual Investment Management Ltd	1,714,187	1,368,992
SSGA Alpha Plus Trust	11,750	9,615
Vanguard Investors Ltd	0	695,722
Vanguard Sustainability Leaders Australian Shares Trust	3,483	0
Sector total	14,762,007	11,121,913

International equities		
Acadian Asset Management Ltd	0	355,201
AQR Global Enhanced Equity Fund	209,399	0
Baillie Gifford Overseas Ltd	1,308,281	695,556
Capital International Inc.	828,270	822,851
Cash and Sundry Assets*	165,554	123,993
Dexia Sustainable Global Equity Fund	82,613	74,010
First State Investments International Ltd	386,119	375,766
Genesis Asset Managers LLP	679,030	256,519
Harding Loevner LP	674,590	0
Independent Franchise Partners LLP	785,200	0
LSV Asset Management	976,183	907,571
Marathon Asset Management Australia Ltd	1,129,273	742,868
MFS Global Equity Trust	90,389	0
Orbis Global Equity Trust	804,799	805,239
PanAgora Dynamic Global Equity Fund	212,893	0
Research Affiliates Fundamental Index Global Share Fund	90,359	0
Schroders Emerging Markets Fund	117,548	0
SSGA Australia Ltd	0	705,455
T. Rowe Price Global Investment Services Ltd	0	743,813
Vanguard Sustainability Leaders International Shares Trust	1,670	0
Wellington International Management Company Pte Ltd	412,387	246,539
Sector total	8,954,557	6,855,381

Private equity		
Australian Bioscience Trust	114	0
AustralianSuper Investments Fund No. 3	319,456	155,413
AustralianSuper Private Equity Trust	448,552	333,724
BBF 11F Partnership, LP	1,887	0

Investments	2011 \$ '000	2010 \$ '000
Private equity cont.		
Cash and Sundry Assets*	3,066	2,772
CM Capital Co-Investments	748	0
Coates Meyer Capital Venture Trust No.3	5,874	0
Coates Meyer Capital Venture Trust No.4	8,965	0
Frontier Investment Consulting Pty Ltd	1,320	1,202
GBS BioVentures III Fund	7,426	0
GBS Co-Investments	3,829	0
GBS Genesis Fund	1,577	0
IFM Australian Private Equity Fund II	27,319	40,514
IFM Australian Private Equity Fund III	69,801	71,440
IFM Australian Private Equity Fund IV	163,673	103,896
IFM International Private Equity Fund I	52,338	64,945
IFM International Private Equity Fund II	115,270	117,467
IFM International Private Equity Fund III	50,602	28,696
Industry Super Holdings Pty Ltd	274,753	246,314
Innovation Capital Co-Investments	5,872	0
Innovation Capital Fund II	5,650	0
Ironbridge Capital 2003/4 Fund	2,660	0
Medical Research Commercialisation Fund	2,839	0
NBC Private Equity Funds IIA & IIB	3,825	0
Portland Orthopaedics Pty Ltd	0	242
Southern Cross Fund No.1	4,896	0
SRV MWEP Trust	2,832	0
SRV Tech Trust	7,406	0
Starfish Technology Fund I, LP	4,002	0
Starfish Ventures Co-investments	8,592	0
Starfish Ventures Pre-seed Fund	711	0
Stone Ridge Ventures Co-investments	2,051	0
Superpartners Pty Ltd	52,602	36,505
Trans Tasman Commercialisation Fund	3,465	0
Uniseed Co-investments	1,398	0
Universities Innovation Investment Trust No.2	5,119	0
Virtual Communities Pty Ltd	2,381	2,353
Wolseley Trust 1 & Co-investments	6,887	0
Sector total	1,679,757	1,205,483

Global bonds		
IFM Alternative Fixed Income Fund	627,783	579,179
Aquasure Finance	46,072	21,770
Bentham Asset Management Pty Ltd	350,562	0
BlackRock Index Australian Government Bond Fund	222,706	285,008
BlackRock Index World Government Bond Fund	55,938	157,433
Brandywine Global Investment Management LLC	596,309	617,279

Investments	2011 \$ '000	2010 \$ '000
Global bonds cont.		
Bridgewater Associates LP	630,037	580,048
Cash and Sundry Assets*	196,013	78,953
Challenger Managed Investments Ltd	109,082	60,851
CSAM Syndicated Loan Fund	0	130,555
Dampier to Bunbury Natural Gas Pipeline	100,012	0
BCA Mezzanine Debt Trust	5,905	0
ITS Technology & Logistics Senior Term Loan	9,654	0
Kapstream Absolute Fund	0	59,796
Loy Yang Power CPI Indexed Amortising Annuity Bonds	13,643	0
Macquarie Investment Management Ltd	51,395	188,968
Perennial Investment Partners Ltd	381,402	0
PIMCO International Fixed Interest Trust	26,677	24,240
Schroder Investment Management Ltd	328,833	0
State Street Global Advisors Australia Ltd	273,872	219,259
The Super Loans Trust	321,060	307,222
Sector total	4,346,956	3,310,561

Property		
AMP Capital Select Property Trust	16,231	0
AMP Direct Property Trust	323,473	267,622
Australian Prime Property Fund	17,270	0
Australian Sustainable Forestry Investors 1 & 2	5,420	0
AustralianSuper Investments Fund No. 4	154,836	138,694
AustralianSuper Property Pty Ltd	57,160	88,500
Battye Street Unit Trust	42,604	0
Calibre Capital Real Estate Fund	7,521	0
Cash and Sundry Assets*	74,708	148,779
Charter Hall Core Property Fund	6,377	0
Charter Hall Opportunity Fund No. 4	7,212	6,977
Charter Hall Opportunity Fund No. 5	45,781	33,082
Eureka Development Fund	3,674	0
Fiduciary International Real Estate Fund 2A	18,824	22,703
FKP Core Plus Fund	6,996	0
FKP Core Plus Fund II	4,338	0
Fortius Active Property Trust No. 1	92,955	92,629
Gresham Property Mezzanine Fund No. 2	2,768	3,743
Hasting Hancock International Timberland Fund 1	25,834	0
ICA Property Development Fund No. 4	992	957
ICA Property Development Fund No. 5	294	4,512
ISPT 50 Lonsdale Street Property Trust	89,670	84,359
ISPT Core Fund	1,949,817	1,680,233
ISPT Development and Opportunity Fund No. 1	42,127	42,403

* Cash and sundry assets includes the sector's transaction cash account and unsettled trades.

Investments and Investment Managers

continued

Investments	2011 \$ '000	2010 \$ '000
Property cont.		
ISPT Development and Opportunity Fund No. 2	62,158	22,279
ISPT Grosvenor International Property Trust	86,587	110,320
Macquarie Real Estate Equity Fund No.2	166	0
Macquarie Real Estate Equity Fund No.4	4,975	0
Macquarie Real Estate Equity Fund No.5	14,692	0
Macquarie Real Estate Equity Fund No.7	13,555	0
QIC Property Fund	954,107	512,000
R M Williams Agricultural Holding Pty Ltd	334	0
Sustainable Agriculture Fund	40,224	29,292
Sector total	4,173,677	3,289,084

Infrastructure		
Macquarie AIR-serv Holdings Inc	5,046	0
Airstalia Development Group Ltd	91,459	0
AMP Infrastructure Equity Fund	9,132	0
AMP Strategic Infrastructure Fund	12,394	0
Cash and Sundry Assets*	6,389	11,080
Energy Infrastructure Trust	128,758	109,585
AustralianSuper Icon Parking No 1 Trust	12,772	10,739
AustralianSuper Icon Parking No 2 Trust	12,778	10,739
AustralianSuper Investments Fund	46,130	39,733
AustralianSuper Investments Fund No. 2	93,364	46,998
AustralianSuper Investments Fund No. 5	160,708	20,016
BAC HoldCo Pty Ltd	25,088	0
Brisbane Airport Trust	67,466	0
CFS Wholesale Infrastructure Fund	17,275	0
Gdansk Port Holding S.a.r.l.	17,611	0
GV Cayman Holding Trust	12,313	0
Great Energy Alliance Corporation Pty Ltd	68,023	0
IFM Australian Infrastructure Fund	1,816,284	1,432,757
IFM International Infrastructure Fund	1,506,379	1,343,484
IFM Renewable Energy Convertible Notes	0	50,630
International Parking Group Holdings Pty Ltd	29,661	0
Kemble Water Holdings Limited	0	144,872
Macquarie Global Infrastructure Fund IIIB	5,145	0
Macquarie Global Infrastructure Fund No.2	25,519	0
Macquarie Global Infrastructure II	29,018	29,242
Melbourne Stadium Trust	24,746	0
Mindarie Investment Trust	9,470	0

Investments	2011 \$ '000	2010 \$ '000
Infrastructure cont.		
Moto International Holdings Limited	53,602	33,477
Rare Infrastructure Ltd	94,301	83,094
AMP Social Infrastructure Fund	15,864	0
Rowville Transmission Facility Pty Ltd	28,286	0
Greensands Holdings Ltd	22,692	0
Transact Communications Pty Ltd	4,030	0
Utilities Trust of Australia	521,889	402,111
Sector total	4,973,593	3,760,899

Capital guaranteed		
AXA Capital Guaranteed	747,198	716,429
Sector total	747,198	716,429

Absolute return strategies		
Basis Australia RIM Fund	57	58
Blackrock Total Return Fund	355	8,369
Bridgewater Pure Alpha Fund	50,962	63,630
Sector total	51,374	72,057

Cash		
Colonial First State Cash Management Trust	263,686	0
Colonial First State Asset Management (Australia) Limited	121,106	0
Enhanced Cash Securities	0	202,197
Industry Funds Management Pty Ltd	2,737,015	2,183,495
Sector total	3,121,807	2,385,692

Derivative assets (liabilities) across different sectors		
Derivative assets (liabilities)	274,495	(70,740)

Grand total	43,085,421	32,646,759
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* Cash and sundry assets includes the sector's transaction cash account and unsettled trades.

Please note: As at 30 June 2011, the following individual investments represented more than 5% of total fund assets: IFM ASX 300 Index Fund 17.4% and IFM Liquidity Trust 5.4%, as did the following combinations of investments: IFM 33.4% and ISPT 5.2%.

Financial statements

Below is a summary of AustralianSuper's financial statements for the last two financial years. The financial statements for 2011 are taken from unaudited accounts. The full audited financial statements and auditor's report will be available online at www.australiansuper.com by late October 2011.

AustralianSuper financial statements for the year ended 30 June 2011		
	2011 \$'000	2010 \$'000
Opening balance	32,676,012	27,538,506
+ plus income:		
Employer contributions	3,460,813	3,048,127
Member contributions	469,924	434,714
Transfers inwards	6,717,740*	1,875,284
Investment income	3,400,948	2,732,610
Insurance receipts	121,483	123,099
Other income	15,007	21,441
Total income	14,185,915	8,235,275
– less expenses:		
Benefits paid and payable	2,883,619	2,228,268
Administration and operating expenses	139,351	127,767
Insurance expense	240,783	153,170
Income tax expense	579,759	588,564
Total expenses	3,843,512	3,097,769
= net assets available to pay benefits at year end	43,018,415	32,676,012
Made up of:		
Members' funds	42,878,801	32,498,144
Reserves	139,614	177,868
Liability for accrued benefits	43,018,415	32,676,012

Derivatives

AustralianSuper may directly invest in derivatives (futures and options) to reduce investment risks. Investment 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 Investment Manager's Derivatives Risk Statement (DRS), and receives regular reports of the Investment 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

Included in reserves is an amount set aside as an Operational Risk Reserve of \$130 million (\$110 million in 2010). The Reserve is operated in accordance with an Operational Risk Reserve Policy that is reviewed annually. The purpose of the Reserve is to provide funding for incidents where material losses may arise from operational risks (as opposed to investment risks). The level of the Reserve is determined by the Board annually based on an assessment of the risks faced by AustralianSuper. The Policy sets out how the level of the Reserve is maintained and replenished. It also outlines under what circumstances payments are made from the Reserve.

Reserves for the 3 years to 30 June 2011			
	2011 \$'000	2010 \$'000	2009 \$'000
Reserves	139,614	177,868	215,327

* This includes assets received from the Westscheme merger on 30 June 2011.

Financial year returns

Crediting rates

A return or 'crediting rate' is similar to a rate of interest. Each day we declare a return for each investment option. The crediting rate declared can be positive or negative depending on investment performance.

The amount allocated to your account is the crediting rate earned during the period that your money was invested in the investment option(s), less any investment management fees, expenses and other provisions, such as tax.

Investment returns from your chosen investment option(s) are applied to your account effective 30 June and 31 December each year or earlier if you switch between investment options, or you leave AustralianSuper. If you're an AustralianSuper Corporate member, investment returns are applied annually at 30 June.

Investment option	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)
PreMixed options					
High Growth	11.28	9.74	-17.4	-8.4	19.2
Balanced	10.27	10.06	-13.3	-5.8	17.8
Sustainable Balanced	9.35	11.67	-8.3	-9.9	16.1
Conservative Balanced	10.57	9.71	-10.2	n/a	n/a
Stable	8.66	8.63	-3.0	2.3	9.1
Capital Guaranteed	4.76	3.11	4.4	4.9	5.3
DIY Mixed options					
Australian Shares	11.73	13.34	-17.0	-12.8	27.2
International Shares	4.49	7.50	-14.8	-18.2	11.2
Australian Sustainable Shares	9.84	27.10	0.3	-27.2	22.9
International Sustainable Shares	3.50	-1.95	-13.6	-20.5	3.5
Property	9.14	1.85	-15.4	7.4	16.2
Australian Fixed Interest	5.07	6.55	8.0	1.6	2.9
International Fixed Interest	5.62	6.28	-4.5	6.4	2.9
Diversified Fixed Interest	7.94	9.83	4.6	3.9	3.7
Cash	4.39	4.22	6.0	5.1	5.6

Please note: The 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 combined returns (asset weighted where possible) have been used. The same process has been used for calculating historical investment fees. Investment returns are not guaranteed as all investments carry some risk. Past performance gives no indication of future returns.

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 2011, the Board included representatives from the ACTU, Ai Group, Australian Manufacturing Workers' Union (AMWU), the Australian Workers' Union (AWU) and United Voice.

The Board meets at least six times a year 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.

Further information on the governance arrangements of the Fund is available at www.australiansuper.com and in the audited financial statements.

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 individuals with specialist skills, sit on these committees.

Directors on the AustralianSuper Trustee Board, at 30 June 2011

From left (standing): Mr Tim Poole, Mr Dave Oliver, Ms Alison Terry, Mr Paul Howes, Ms Simone McGurk, Mr John Ingram, Mr Lucio Di Bartolomeo, Mr Brian Daley.

From left (seated): Mr Grahame Willis, Ms Elana Rubin, Mr Jeff Lawrence, Ms Heather Ridout.

How to contact us

Industry, Steel, Personal, Food & Confectionery, Finsuper and Westscheme Division members

Call **1300 300 273**

Web **www.australiansuper.com**

Secure email **www.australiansuper.com/email**

Mail **AustralianSuper, GPO Box 1901, MELBOURNE VIC 3001**

Fax **1300 366 273**

Corporate Division members

Call **1300 309 466**

Web **www.australiansuper.com/corporate**

Email **email@australiansupercorporate.com**

Mail **AustralianSuper Corporate, GPO Box 4303, MELBOURNE VIC 3001**

Fax **03 9245 5827**

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. This transfer protects your account from being eaten away by administration fees.

If your account is transferred to AUSfund, you'll 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

By law, AustralianSuper must transfer lost super accounts with balances under \$200, or those that are unidentified and have been inactive for more than five years, to the Australian Taxation Office. To find out more visit www.ato.gov.au

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