

**It's Australian.  
And it's super.**

Annual Report 2012





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# It's Australian. And it's super.

The word Australia means something different to everybody. To some Australia is steeped in history - with stories from ancestors passed on through generations, wide open plains, red earth, untouched nature and plentiful resources. To others Australia is a new land filled with opportunity and hope.

We value our country's diversity and promise - and her genuine and hardworking people. Our aim is to provide better retirement outcomes for members, over 1.9 million Australians.

# Welcome

**In a very difficult investment environment, we have produced a positive investment result, which places AustralianSuper's investment performance above the median fund and maintains AustralianSuper's position as an above-average performer over the mid to long term.**



Welcome to the 2011/2012 AustralianSuper Annual Report. This year's report is more comprehensive than the Fund has produced before. This is to provide AustralianSuper's members, participating employers and other stakeholders with detailed information about how the Fund operates. And we will continue to evolve our Annual Report in the future to meet your needs.

## Investment performance and outlook

2011/2012 was a very challenging year for most investors including AustralianSuper. With the Australian stock market returning negative 7% for the year, the AustralianSuper Balanced option generated 0.98%. Though above the return of the median balanced fund of 0.45%, it's a disappointing result. We believe that while Australia is well-placed relative to most of the rest of the world, the likely economic and investment outlook is for subdued growth with much volatility. We are managing the portfolio of members' assets with that view in mind.

## Fund performance

Elsewhere AustralianSuper performed strongly and achieved our other forecasts and targets including in relation to service levels, member satisfaction, brand recognition, staff satisfaction and establishing a presence in Asia.

The Trustee of Australian Government Employees Superannuation Trust (AGEST) chose to merge with AustralianSuper and expect this will occur on 1 January 2013. AGEST has a long history as a successful fund for public sector workers and AustralianSuper will strive to continue that tradition for the 130,000 AGEST members. And IBM chose to outsource their corporate fund to AustralianSuper after more than half a century of service to IBM staff. This was historic as the largest outsourcing decision in Australian super history, involving 15,500 staff and \$1.7 billion in assets. The transfer is expected to take place on 1 November 2012.

AustralianSuper's organic growth was also strong, contributing more than a 5% increase in members in 2011/2012. The growth in members and assets provides the foundation for investment in resources to provide investment flexibility and other member benefits. We'll continue to seek growth in a measured way to achieve better retirement outcomes for members.

We believe that Asia will continue to be a focus for world economic growth in the decades ahead. So to capitalise on this the Fund has established a presence in Asia with the opening of a Beijing office, and the establishment of the Asia Advisory Committee. For more details see page 11.

## Outlook for 2012/13

We believe that the challenges for the super industry will continue in 2012/2013. As mentioned, the uncertain investment environment means that it will be difficult to generate strong investment performance. Also the whole industry must deal with the significant regulatory changes presented by the Future of Financial Advice (FOFA) and Stronger Super reforms including MySuper.

AustralianSuper's size, profit for member orientation and commercial focus result in an institution that is confident navigating the issues presented by this challenging environment.

Thank you for your ongoing support of AustralianSuper. As a profit-for-member fund we exist to serve the interests of members. If you have any comments or feedback about AustralianSuper or this Annual Report please email us at

[isilk@australiansuper.com](mailto:isilk@australiansuper.com)


or

[erubin@australiansuper.com](mailto:erubin@australiansuper.com)

**Elana Rubin**  
Chair

**Ian Silk**  
Chief Executive





As one of Australia's largest super funds, we are committed to passing on all the good things that size has to offer. We want every Australian to have a solid financial future, so our purpose is to help achieve better retirement outcomes for all.



# Highlights of 2011/2012

## Our performance

At 30 June 2012	1 year	5 years (pa)	10 years (pa)
AustralianSuper Balanced	0.98%	0.02%	6.39%
Median fund*	0.45%	-0.20%	5.40%

### \$69 million claimed

AustralianSuper found lost super accounts belonging to 390,000 members. We let each one of them know we'd found super belonging to them. As a result, AustralianSuper members claimed \$69 million in lost super.

### Advice offering

Advice should be for everyone so this year we have improved our range of online personal advice tools and increased resources to provide more members over-the-phone financial advice at no extra cost. AustralianSuper's advice offer now includes six external adviser groups which offer commission-free, fee-for-service advice. Most people will need financial advice to get the most out of their savings, so AustralianSuper will continue to improve access to general and personal advice and support the Government's effort to improve financial advice provision to Australians.

### Ongoing insurance improvements

In 2010, we made insurance for members more affordable. This year, AustralianSuper has made it easier to apply for cover and make claims.

We've reduced the time to action Total & Permanent Disability claims by 50% and income protection payments now reach members faster. And with 50% of claims lodged by phone, more members can talk through their situation.

Members can now change their cover online – so it's easier and faster. Since online insurance applications were introduced in late 2011, over 60% of applications have been made online and half of these were accepted straight away.

### Online service

Over 4.5 million people visited our website last year and more members and employers than ever before are using our online insurance and contribution advice tools to help work out what's right for them.

Since November 2011, members have been able to apply for insurance online, saving them time and paperwork.

We keep adding functionality, improving service and making more transactions available online, so members and employers can more efficiently manage their investments and insurance, when they want.

\* SR50 Balanced Index, SuperRatings Crediting Rate Survey, June 2012





### Member Direct

Introduced in November 2011, our Member Direct investment option allows members to invest online in ASX 300 listed companies, term deposits and a range of exchange traded funds. For many people Member Direct offers the flexibility and choice of a self-managed super fund – without the cost or administrative burdens.

### Kick start

To help engage AustralianSuper's young members we launched Kick Start on the television program The Voice and a competition to win a dream career kick start experience.

Our aim was to encourage our young members to think about super now, when it can make all the difference to their retirement income.

Over the 15 episodes more than 11.3 million Australians tuned in to AustralianSuper's message.

### AustralianSuper's brand

In an increasingly congested market, the brand of a superannuation fund is very important. AustralianSuper is the most preferred superannuation brand in the nation and ranks second for unaided awareness behind AMP. This level of brand recognition will assist AustralianSuper's growth, maintaining the scale that is key to helping members retire with more.



# A genuine Australian





**Caroline,**  
AustralianSuper member  
Since July 2004

We've worked hard to ensure more Australians than ever know who we are and what we do. As a result AustralianSuper has become a household name - an institution our members can genuinely depend upon.

It is this trust that has enabled us to remain one of Australia's largest super funds. Our size gives us greater buying power, more investment opportunities and keeps costs low, helping our members to retire with more.



# Government reforms mean more super

**AustralianSuper is responsible for giving members the best opportunity to achieve a financially comfortable retirement. To help achieve this, we speak out in support of initiatives which will help members retire with more money.**

## Super and advice changes for the better

The Federal Government, through the Minister for Financial Services and Superannuation Bill Shorten, has substantially reformed super through the Stronger Super and Future of Financial Advice reforms. The changes will help all Australians – especially those on lower incomes.

### From 1 July 2012

- › Those earning less than \$37,000 a year, will effectively pay no tax on super contributions. This means more money to build your retirement savings.

### From 1 July 2013

- › The Superannuation Guarantee (SG) rate will increase from 9% to 12% incrementally from 1 July 2013 to 1 July 2019. This is expected to add \$108,000 to the super savings at retirement of a 30 year old worker on an average wage, retiring at age 67\*.
- › Employer SG contributions will be payable for those above age 70.
- › All financial planners will have to act in their clients' best interests when providing advice and no adviser can put their own interests ahead of their clients.

\* More money in retirement – an historic boost to superannuation, Media Release, 2 November 2011, Bill Shorten, Minister for Financial Services and Superannuation

## Future of Financial Advice

AustralianSuper has been vocal in support of the Future of Financial Advice reforms. These reforms are underpinned by the premise that financial advice is required to be provided in the best interest of the person receiving the advice. Another goal of the reforms is that financial advice will be cheaper and so more accessible to those who need it. This will be achieved through the banning of commissions on investment products, including super, and opt-in provisions which aim to make sure that people will only pay for the services they use.

## Stronger Super and MySuper

The Stronger Super legislation is a big step forward for super fund members. The introduction of MySuper, which is key to Stronger Super, means that super products will be easier to understand and compare. Employers will also be required to pay into a low cost MySuper product for employees that don't make a choice, so more Australians will be protected from high fee offerings from banks and insurance companies.

AustralianSuper will continue to support those Stronger Super reforms which will mean more for members. We welcome the streamlining of the process to combine super accounts, which will remove much of the frustration members experience when trying to simplify their super, including the use of Tax File Numbers by the ATO to automatically combine super accounts. Set to start in January 2014, the proposal is to automatically combine accounts with balances under \$1,000 that have not received a contribution for two years.

## How AustralianSuper is speaking out

This year AustralianSuper have made submissions to Government and regulators in relation to:

- › increasing the superannuation guarantee from 9% to 12%
- › improvements to financial advice legislation, and
- › Stronger Super – in particular making it easier for Australians to combine their super accounts.



# How we're working hard for members

**To deliver the best possible retirement outcome to members retiring now and into the future, AustralianSuper's investment and administration capabilities must be world class and our low fees sustainable. AustralianSuper also needs to provide the right products, services and guidance to members.**

## **We're global**

In February Stephen Joske was appointed to the new position of Senior Manager, Asia. This new role supports AustralianSuper's strategy to increase investments in the Asian region across all asset classes and further the expansion of our overseas investment capability.

AustralianSuper's new Beijing office is now open and our on-the-ground presence will position us well to respond nimbly to market changes and take advantage of opportunities.

The Asia Advisory Committee was established in recognition of the importance of the Asian region to Australia's economic future and is a key component of AustralianSuper's investment strategy. AustralianSuper believes that investment in Asia is key to delivering strong returns for members.

The Asia Advisory Committee members bring with them international Board and CEO experience, access to extensive Asian networks and knowledge of different regulatory environments, putting them in good stead to provide expert guidance on opportunities in Asia.

Bernie Fraser, who was previously a Director of AustralianSuper and former Governor of the Reserve Bank, will Chair the Committee, which includes Paul Chow Man Yiu (Hong Kong), Philip Yan Hok Fan (Hong Kong), John Harrison (Hong Kong) and Raymundo A. Yu Jr. (Singapore). AustralianSuper's Chair, Elana Rubin, is also on the Committee.

## **Excellence in administration**

The administration services for members and employers within AustralianSuper's Industry, Pension and Personal divisions are provided by Superpartners Pty Ltd. AustralianSuper holds an ownership stake in Superpartners as part of our commitment to provide high quality service and technology solutions for members and employers.

Currently, Superpartners is focused on the delivery of the nextGEN administration and service transformation program. A large part of this program is the delivery of the new administrative IT platform known as spRIGHT. The transition from the legacy system to spRIGHT is expected to deliver benefits to members in improved services, transactional capabilities and administration communications.

It will also improve the cost efficiency of administration provision and the back-end capability which will help AustralianSuper keep costs low while we continue to deliver more of the products and services that differentiate AustralianSuper from average super funds. This will include improving operational capabilities across:

- › roll-ins, transfers and payments
- › member service and call handling
- › member and employer communication channels
- › product enhancement and implementation.

The program has been delayed and AustralianSuper is expected to transfer to the spRIGHT administration platform in the 2013/14 financial year. AustralianSuper's contribution to the program has increased in part as a result of a greatly expanded project scope and the total cost to completion could be up to \$82 million.



## Through our research, we are able to better understand members' needs and appropriately tailor our communications, improve our services and deliver superior products.

### Improved service

Last year we asked members what was important in a Call Centre and where they'd like us to improve. They said they wanted AustralianSuper's Call Centre to excel in and demonstrate these attributes:

- › needs identification
- › genuine and active listening
- › knowledge and accuracy
- › responsiveness
- › resolution.

So we concentrated on these areas to provide a better level of service through the Call Centre and become easier to deal with.

The results so far have been very encouraging. Through a new training program and improved monitoring we've seen an increase in overall satisfaction with our Call Centre of 5%.

We've also reduced the time members and employers need to spend on the phone through new intelligent customer identification and routing, clearer escalation points, and enhanced 24/7 self-service functionality.

### Easier to understand

At the beginning of 2010 AustralianSuper benchmarked member communications to establish how well our key education messages were being understood by members. This was to improve our communications making it easier for members to understand complex super, tax and insurance concepts.

We used the research findings to refine the language we use and break down these concepts.

We have seen that since 2010, more members understand the advantages of:

- › combining their super into one account - up from 87% to 91%
- › maintaining AustralianSuper as their one account through job change – up from 57% to 66%

- › transition to retirement tax savings – this year's results also show that only 15% of those interviewed don't know what a transition to retirement strategy is, a reduction of 8% since 2010.

Through clearer communication, we hope to encourage more members to take these few actions to improve their retirement outcomes:

- › combine accounts
- › keep one account on job change
- › add to super where appropriate
- › get the right insurance cover
- › take advantage of tax rules when transitioning into retirement.

### Advice needs

AustralianSuper's improved financial advice offering was developed in response to research showing that members look to us to provide a full spectrum of advice, which includes:

- › over-the-phone general advice and personal advice on specific topics
- › online advice tools and calculators, and
- › fee for service financial advice and full financial plans.

Because of our size we have been able to extend the advice we provide at no extra cost to members via online advice tools and by increasing the resources dedicated to providing advice over the phone\*.

As well as advice provided through Industry Fund Financial Planning<sup>#</sup>, AustralianSuper now have a panel of six external adviser groups (to grow further in 2012/13) who can also provide quality, fee-for-service, commission-free financial advice to our members. We've also introduced a structured advice referral process so that all members need to do is call and AustralianSuper can arrange the right level of advice for their needs.

\* Financial advice from the Financial Education and Advice Team will be provided under the Australian Financial Services Licence held by Superpartners Pty Ltd (Superpartners) and not by AustralianSuper Pty Ltd (AustralianSuper) and therefore is not the responsibility of AustralianSuper.

<sup>#</sup> The financial advice you receive from an Industry Fund Financial Planning planner will be provided under the Australian Financial Services Licence held by Industry Fund Services Pty Ltd (IFS), not by AustralianSuper Pty Ltd (AustralianSuper), and therefore will not be the responsibility of AustralianSuper.





Australians believe in helping out, no matter whether you're living in a big city or your nearest neighbour is 200 kms away.

AustralianSuper's helping hand extends across the great expanse of our country to provide service and advice to our members, wherever they may be. And thanks to our size, we've been able to extend the advice we provide at no extra cost to members.







**Daniel,**  
AustralianSuper member  
Since May 1998

# A hardworking Australian

From the mining boom to organic farming, to manufacturing and renewable energy, Australians are working hard to ensure the future's looking good for our country.

At AustralianSuper we're also working hard to achieve the best possible retirement outcomes for our members.



# Investments

**Australia's superannuation industry has approximately \$1.4 trillion in funds under management.**

**Of this, AustralianSuper currently invests member funds of more than \$46 billion.**

AustralianSuper is committed to delivering strong long-term investment performance and to maximising the retirement benefits of our members, within the risk/return framework of each of our investment options.

In June each year we set annual strategic asset allocations for each of our investment options. Within each option these include ranges for the expected levels of investment in each asset class and they act as a guide to our Investment Committee's decision-making during the year, especially regarding the allocation of cash flows. In the year to 30 June 2012 our annual cash flow of member and employer contributions was over \$8 billion.

Our scale in funds under management and cash flows enables us to diversify widely across asset sectors and investment strategies. This includes investment in infrastructure and direct property, which continue to provide diversification benefits and to sustain strong long-term returns.

Our Investment Committee is supported by an internal investment team of 39 and two of Australia's leading asset consulting firms, Frontier and JANA.

Over the past few years we have focused on building our in-house investment capabilities to world-class standard. This strategy ensures that AustralianSuper is in the best position to provide strong long-term returns as well as keeping costs low through greater direct investment.

During the last 12 months we have made further senior appointments to strengthen our investment team as part of our drive to achieve strong long-term investment performance.

Underpinning our investment approach are four core investment beliefs.

1. We believe in profits for members.
2. We can use our scale to reduce costs and better structure investments.
3. We believe in active management where it can add value.
4. We are aware of our responsibility to the community, consistent with our sole obligation to maximise the retirement benefits of members.

**AustralianSuper's investments have consequences not only for members, but also for Australia's economy, employment and current and future infrastructure.**

## Investment update 30 June 2012



**Tim Poole**  
Chair of AustralianSuper's  
Investment Committee

**The debt issues in Europe have created uncertainty for investors and policy makers around the world during the last two years. As a result, the global economic recovery has somewhat stalled and we've seen lower economic growth and more modest investment returns than we saw in the initial aftermath of the global financial crisis.**

Despite the continued uncertainty and volatility in investment markets during the year, our Balanced option's performance was positive, with a return of 0.98%, against the median return of 0.45%\*. Our diversified strategy helped to reduce the impact of poorly performing share markets, with fixed interest, infrastructure, property and private equity all contributing positive returns.

### Long-term returns remain strong

AustralianSuper's Balanced option has continued to deliver strong long-term returns. In the period since its inception in August 1985 to 30 June 2012, it has had an average annual return of 9.31%. The Balanced option has also outperformed its performance benchmark by an average of 1% per year over the ten years to 30 June 2012, with a total return of 6.39% per annum.

Despite recent poor performance, Australian shares have contributed strongly to our ten-year returns – proving their importance in long-term strategies like superannuation.

### Financial year in review

Fixed interest was the standout performer during the 2012 financial year. Our bond portfolio<sup>#</sup>, which includes Australian and international bonds, returned 14.3%, representing strong outperformance of our benchmark. Demand for bonds and falling interest rates around the world have pushed up fixed interest returns. While bond returns have been strong in recent years, current interest rates indicate future returns on these investments may not be as high as those experienced in the past year.

Steady income together with continued growth in earnings despite the economic outlook, helped our infrastructure and property investments<sup>#</sup> deliver returns of 6.9% and 7.6% for the year to 30 June 2012.

### Fragile European economies meant volatile share markets

It was another tough financial year for share markets, with fragility in Europe, softening of economic activity in China and other Asian economies and only a modest recovery in the United States continuing to cause large swings in share prices.

Europe still has a long way to go to resolve its problems. Some progress has been made recently, including:

- › At the recent June summit European leaders agreed to create a Eurozone banking union to help struggling banks. Going forward, funding for banks will come directly from the European Union, which should help relieve some of the debt burden from individual governments.
- › A positive election result has helped Greece stay in the Eurozone, with the New Democracy party forming a coalition government.
- › As Spain struggles with a growing budget deficit, its banks will receive 100 billion euros to help protect them from losses from bad loans.

### The US stayed positive

Despite its patchy economy, the United States was the only major share market to produce a positive return for the year to 30 June 2012. On the plus side, interest rates remain low and the housing and manufacturing sectors appear to be improving. But, retail sales, consumer confidence and the labour market are still sluggish.

While on the whole share markets were negative, the more defensive sectors in the global economy performed well. The consumer staples and health care sectors were among the best performing sectors.

\* SR50 Balanced Index, SuperRatings Crediting Rate Survey, June 2012

# Returns are for the underlying investment portfolios of our investment options, before fees and tax



# Investment update 30 June 2012 (con't)

## Australian economy strong, but our share market lags

The Australian share market underperformed the international share market as a whole, belying the strength of our economy. Australia's economic growth of 4.3% for the year to March 2012 has exceeded expectations and that of other advanced economies. Resources companies were the major detractors from performance in Australian shares, with concerns over a slowing Chinese economy resulting in lower commodity prices.

## Active portfolio management has added value

A number of AustralianSuper's portfolios benefited from our active management strategy, where we focus on specific sectors and companies that we expect to add value. A significant number of our active management strategies in Australian and international shares and Bonds outperformed during the year, which helped to improve returns.

### AustralianSuper's investment performance to 30 June 2012

Investment Options	10 Years (pa)		5 Years (pa)		1 Year	
	AustralianSuper	Benchmark	AustralianSuper	Benchmark	AustralianSuper	Benchmark
<b>PreMixed Options</b>						
High Growth	5.74%	4.97%	-1.69%	-1.74%	-0.67%	-0.95%
Balanced	6.39%	5.40%	0.02%	-0.20%	0.98%	0.45%
Sustainable Balanced	5.29%	5.40%	0.55%	-0.20%	1.89%	0.45%
Indexed Diversified	n/a	-	n/a	-	-1.27%	0.45%
Conservative Balanced	n/a	-	n/a	-	2.78%	1.87%
Stable	6.16%	5.14%	4.20%	3.03%	4.86%	4.06%
Capital Guaranteed	4.55%	4.20%	4.40%	4.05%	4.87%	3.59%
<b>DIY Mix Options</b>						
Australian Shares	7.70%	5.86%	-2.64%	-3.79%	-4.58%	-6.28%
International Shares	1.35%	-1.03%	-5.19%	-6.19%	-2.18%	-2.41%
Australian Sustainable Shares	6.57%	5.62%	-0.51%	-4.15%	-4.29%	-6.66%
International Sustainable Shares	-2.79%	-1.31%	-6.89%	-6.12%	0.33%	-1.13%
Property	6.59%	7.81%	1.59%	3.65%	7.12%	7.77%
Australian Fixed Interest	5.55%	5.63%	6.32%	6.79%	10.66%	10.44%
International Fixed Interest	5.97%	6.71%	4.71%	7.76%	10.45%	9.89%
Diversified Fixed Interest	6.73%	6.08%	7.62%	7.22%	12.07%	10.14%
Cash	4.78%	4.53%	4.81%	4.39%	4.33%	3.92%

The returns quoted are net of fees and tax. The 1-year, 5-year, 10-year and since inception figures are rolling returns as at 30 June 2012. These historical returns are the combined return information from previous ARF and STA investment options. Where only one of the merging funds previously offered an equivalent option, combined returns (asset weighted where possible) have been used. Investment returns are not guaranteed as all investments carry some risk. Past performance is no guarantee of future returns.

**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 SR50 Median Capital Stable. Capital Guaranteed: UBSA Bank Bill Index. Australian Shares: S&P/ASX300 Accumulation index. International Shares: MSCI AC World ex Australia (in \$A) Index. Australian Sustainable Shares: S&P/ASX300 Accumulation Index. International Sustainable Shares: MSCI World Net Dividend Reinvested Unhedged Index. Property: the Mercer / IPD Australian Pooled Property Fund Index. Australian Fixed Interest: UBSA Composite All Maturities Bond Index. Diversified Fixed Interest: 50% UBSA Composite All Maturities Bond Index + 50% Barclays Capital Global Aggregate Bond Hedged Index. International Fixed Interest: Citigroup WGB Hedged Index. Cash: UBSA Bank Bill Index. SuperRatings returns are net of fees and tax.

Index returns are adjusted for fees and tax.

## Crediting rates

AustralianSuper declares a return for each investment option on a daily basis. The crediting rate declared can be positive or negative depending on investment performance.

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

Investment returns from relevant investment option(s) are applied to member's accounts effective 30 June each year or earlier if super is moved between investment options, or when a member leaves AustralianSuper.

### AustralianSuper's crediting rates to 30 June 2012

Investment options	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)
<b>PreMixed Options</b>					
High Growth	-0.67	11.28	9.74	-17.37	-8.36
Balanced	0.98	10.27	10.06	-13.30	-5.78
Sustainable Balanced	1.89	9.35	11.67	-8.34	-9.89
Indexed Diversified	-1.27	n/a	n/a	n/a	n/a
Conservative Balanced	2.78	10.57	9.71	-10.24	n/a
Stable	4.86	8.66	8.63	-3.01	2.34
Capital Guaranteed	4.87	4.76	3.11	4.41	4.86
<b>DIY Mix Options</b>					
Australian Shares	-4.58	11.73	13.34	-16.96	-12.83
International Shares	-2.18	4.49	7.50	-14.76	-18.21
Australian Sustainable Shares	-4.29	9.84	27.10	0.29	-27.25
International Sustainable Shares	0.33	3.50	-1.95	-13.58	-20.47
Property	7.12	9.14	1.85	-15.41	7.43
Australian Fixed Interest	10.66	5.07	6.55	7.99	1.56
International Fixed Interest	10.45	5.62	6.28	-4.55	6.37
Diversified Fixed Interest	12.07	7.94	9.83	4.57	3.92
Cash	4.33	4.39	4.22	6.00	5.12

These returns are net of fees and tax. These historical returns are the combined return information from previous ARF and STA investment options. Where only one of the merging funds previously offered an equivalent option, combined returns (asset weighted where possible) have been used. Investment returns are not guaranteed as all investments carry some risk. Past performance is no guarantee of future returns.



# Investment options

## PreMixed investment options

### High Growth

#### Investment objectives

To outperform (after fees and tax) the median growth fund and an average annual return of CPI\* + 5% over the long term.

This option invests mainly in Australian and international shares, with smaller allocations to infrastructure, direct property and cash.

It's designed for members seeking strong long-term returns who are willing to accept short-term fluctuations in returns.

### Balanced

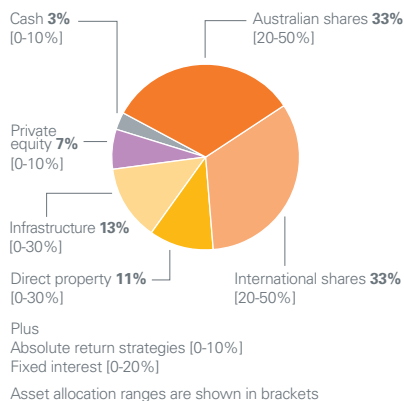
#### Investment objectives

To outperform (after fees and tax) the median balanced fund and an average annual return of CPI\* + 4% over the medium to long term

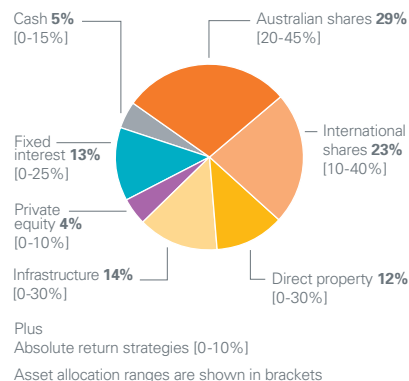
This option invests in a wide range of assets, with a higher allocation to shares, infrastructure and property than fixed interest and cash.

It's designed for members seeking medium to long-term growth who are willing to accept short-term fluctuations in returns.

#### Strategic asset allocation 2012/13<sup>†</sup>



#### Strategic asset allocation 2012/13<sup>†</sup>



#### Asset allocation at 30 June 2012

Australian shares	36.1 %
International shares	28.5 %
Direct property	11.0 %
Infrastructure	14.2 %
Private equity	8.1 %
Fixed interest	0.0 %
Cash	2.1 %
Absolute return strategies	0.0 %

#### Asset allocation at 30 June 2012

Australian shares	31.9 %
International shares	20.9 %
Direct property	11.3 %
Infrastructure	13.1 %
Private equity	4.6 %
Fixed interest	12.8 %
Cash	5.3 %
Absolute return strategies	0.1 %

Sustainable Balanced	Indexed Diversified	Conservative Balanced																																																
<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the median balanced fund and an average annual return of CPI* + 4% over the medium to long term.</p> <p>This option invests in a wide range of assets, with a higher allocation to Australian and international shares, infrastructure and property than fixed interest and cash. Only companies that are performing well by financial as well as environmental, social and corporate governance standards are considered in the share holdings.</p> <p>It's designed for members seeking medium to long-term growth who are willing to accept short-term fluctuations in returns.</p>	<p><b>Investment objectives</b></p> <p>To meet (after fees and tax) the returns of the median balanced fund and an average annual return of CPI* + 4% over the medium to long term.</p> <p>This option has a high allocation to Australian and international shares and includes fixed interest and cash. There are no infrastructure, property or private equity investments. It uses indexing strategies to invest in each asset class.</p> <p>It's designed for members who prefer an indexed investment approach, and who are seeking medium to long-term growth and willing to accept short-term fluctuations in returns.</p>	<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the median conservative balanced fund and an annual average return of CPI* + 3% over the medium term.</p> <p>This option has a lower allocation to shares, direct property and infrastructure and a higher allocation to fixed interest and cash than the Balanced option.</p> <p>It's designed for members seeking a balance between capital stability and capital growth over the medium term.</p>																																																
<p><b>Strategic asset allocation 2012/13†</b></p> <p>Cash 5% [0-15%] Australian shares 29% [20-45%] International shares 23% [10-40%] Direct property 12% [0-30%] Infrastructure 14% [0-30%] Fixed interest 13% [0-25%] Private equity 4% [0-10%] Plus Absolute return strategies [0-10%] Asset allocation ranges are shown in brackets</p>	<p><b>Strategic asset allocation 2012/13†</b></p> <p>Cash 19% [0-25%] Australian shares 35% [20-50%] International shares 27% [20-50%] Fixed interest 19% [0-50%] Asset allocation ranges are shown in brackets</p>	<p><b>Strategic asset allocation 2012/13†</b></p> <p>Cash 13% [0-30%] Australian shares 22% [10-35%] International shares 18% [5-30%] Direct property 12% [0-25%] Infrastructure 13% [0-25%] Fixed interest 22% [0-30%] Plus Absolute return strategies [0-15%] Private equity [0-5%] Asset allocation ranges are shown in brackets</p>																																																
<p><b>Asset allocation at 30 June 2012</b></p> <table><tr><td>Australian shares</td><td>32.3%</td></tr><tr><td>International shares</td><td>21.4%</td></tr><tr><td>Direct property</td><td>11.2%</td></tr><tr><td>Infrastructure</td><td>13.3%</td></tr><tr><td>Private equity</td><td>4.5%</td></tr><tr><td>Fixed interest</td><td>12.2%</td></tr><tr><td>Cash</td><td>4.9%</td></tr><tr><td>Absolute return strategies</td><td>0.1%</td></tr></table>	Australian shares	32.3%	International shares	21.4%	Direct property	11.2%	Infrastructure	13.3%	Private equity	4.5%	Fixed interest	12.2%	Cash	4.9%	Absolute return strategies	0.1%	<p><b>Asset allocation at 30 June 2012</b></p> <table><tr><td>Australian shares</td><td>38.0%</td></tr><tr><td>International shares</td><td>26.0%</td></tr><tr><td>Direct property</td><td>0.0%</td></tr><tr><td>Infrastructure</td><td>0.0%</td></tr><tr><td>Private equity</td><td>0.0%</td></tr><tr><td>Fixed interest</td><td>21.0%</td></tr><tr><td>Cash</td><td>15.0%</td></tr><tr><td>Absolute return strategies</td><td>0.0%</td></tr></table>	Australian shares	38.0%	International shares	26.0%	Direct property	0.0%	Infrastructure	0.0%	Private equity	0.0%	Fixed interest	21.0%	Cash	15.0%	Absolute return strategies	0.0%	<p><b>Asset allocation at 30 June 2012</b></p> <table><tr><td>Australian shares</td><td>25.0%</td></tr><tr><td>International shares</td><td>17.4%</td></tr><tr><td>Direct property</td><td>11.0%</td></tr><tr><td>Infrastructure</td><td>12.2%</td></tr><tr><td>Private equity</td><td>0.0%</td></tr><tr><td>Fixed interest</td><td>22.6%</td></tr><tr><td>Cash</td><td>11.7%</td></tr><tr><td>Absolute return strategies</td><td>0.0%</td></tr></table>	Australian shares	25.0%	International shares	17.4%	Direct property	11.0%	Infrastructure	12.2%	Private equity	0.0%	Fixed interest	22.6%	Cash	11.7%	Absolute return strategies	0.0%
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# Investment options

## PreMixed investment options (cont'd)

### Stable

#### Investment objectives

To outperform (after fees and tax) the median capital stable fund and an annual average return of CPI\* + 2% over the short-to-medium term.

This option invests in a wide range of assets, with a higher allocation to fixed interest and cash than Australian and international shares, direct property and infrastructure.

It's designed for members who have a higher focus on capital stability than capital growth.

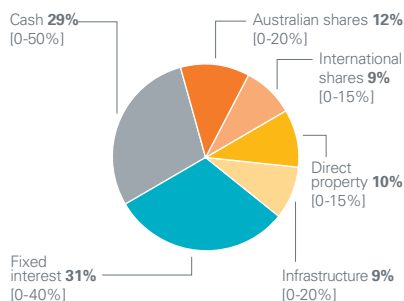
### Capital Guaranteed

#### Investment objectives

To guarantee a member's capital and outperform (after fees and tax) retail cash management accounts by at least 0.5% pa.

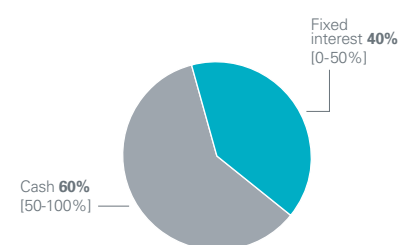
This option invests in fixed interest and cash. It's designed for members who want to protect their capital while earning a higher return than cash management accounts.

#### Strategic asset allocation 2012/13<sup>†</sup>



Plus  
Absolute return strategies [0-15%]  
Private equity [0-3%]  
Asset allocation ranges are shown in brackets

#### Strategic asset allocation 2012/13<sup>†</sup>



Asset allocation ranges are shown in brackets

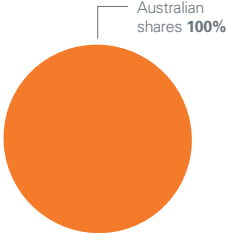
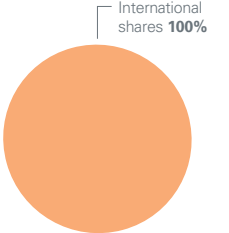
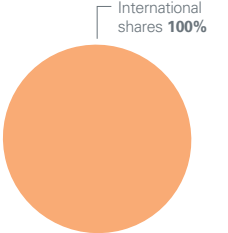
#### Asset allocation at 30 June 2012

Australian shares	13.5%
International shares	8.7%
Direct property	10.8%
Infrastructure	8.9%
Private equity	0.0%
Fixed interest	31.7%
Cash	26.3%
Absolute return strategies	0.0%

#### Asset allocation at 30 June 2012

Australian shares	0.0%
International shares	0.0%
Direct property	0.0%
Infrastructure	0.0%
Private equity	0.0%
Fixed interest	40.0%
Cash	60.0%
Absolute return strategies	0.0%

## DIY Mix investment options

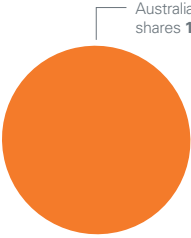
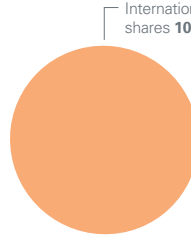
Australian Shares	International Shares	International Shares – Hedged
<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the S&amp;P/ASX 300 Accumulation Index (adjusted for fees and tax).</p> <p>This option invests in more than 300 companies listed on the Australian Securities Exchange.</p> <p>It's designed for members seeking strong long-term capital growth, who are willing to accept short-term fluctuations in returns.</p>	<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the MSCI World All Countries (ex Australia) Index (adjusted for fees and tax).</p> <p>This option invests in more than 1,200 companies listed on securities exchanges around the world, including developed and emerging markets. Currency hedging is not used in this option. This means movements in exchange rates can impact the value of your investments both positively and negatively.</p> <p>This option is designed for members seeking strong long-term capital growth, who are willing to accept short-term fluctuations in returns.</p>	<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the return of the MSCI World All Countries (ex Australia) Hedged Index (adjusted for fees and tax).</p> <p>Introduced 1 October 2012, this option invests in more than 1,200 companies listed on securities exchanges around the world, including developed and emerging markets. It is fully hedged into Australian dollars to reduce the impact of currency movements. This option is designed for members seeking strong long-term capital growth who are willing to accept short-term fluctuations in returns but want to be protected from currency movements.</p>
<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>Australian shares <b>100%</b></p>	<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>International shares <b>100%</b></p>	<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>International shares <b>100%</b></p>

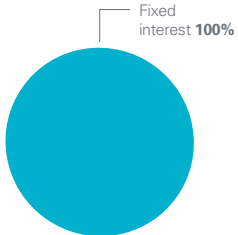
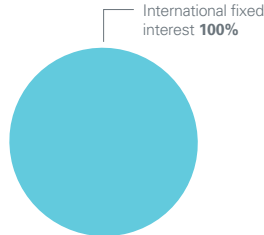
\* CPI stands for Consumer Price Index which is used as a measure of inflation.

† The strategic asset allocation is the target mixture of asset classes for each investment option, set by the AustralianSuper Investment Committee in light of the option's objectives and the medium-term market outlook. This is reviewed annually. AustralianSuper may change the strategic asset allocation from time to time to suit market conditions. The strategic asset allocation shown is current at 30 June 2012.



## Investment options

Australian Sustainable Shares	International Sustainable Shares
<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the S&amp;P/ASX 300 Accumulation Index (adjusted for fees and tax) over the medium to long term.</p> <p>This option invests in a selection of Australian shares listed on the Australian Securities Exchange that are performing well by financial as well as environmental, social and corporate governance standards. Therefore this option holds a smaller variety of shares than the Australian Shares option.</p> <p>This option is designed for members seeking strong medium to long-term capital growth who are willing to accept short-term fluctuations in returns.</p>	<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the MSCI World (net dividend reinvested) Unhedged Index (adjusted for fees and tax).</p> <p>This option invests in a selection of shares listed on securities exchanges around the world that are performing well by financial as well as environmental, social and corporate governance standards. So this option holds a smaller variety of shares than the International Shares option. Currency hedging is not used in this option. This means movements in exchange rates can impact the value of your investments both positively and negatively.</p> <p>It's designed for members seeking strong long-term capital growth who are willing to accept short-term fluctuations in returns.</p>
<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>Australian shares 100%</p>	<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>International shares 100%</p>

Property	Australian Fixed Interest	International Fixed Interest
<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the return of the Mercer/IPD Australian Unlisted Property Fund Index (adjusted for fees and tax) and an annual return of CPI*+3% over the medium term.</p> <p>This option invests directly in a range of Australian and international properties including office buildings, shopping centres, hotels, resorts, factories and warehouses. It's designed for members seeking strong medium to long-term capital growth and lower volatility than shares.</p>	<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the return of the UBSA Composite All Maturities Bond Index (adjusted for fees and tax) and an average annual return of CPI* + 1–2% over the short-to-medium term.</p> <p>This option invests in a mix of medium to long-term Australian bonds and shorter-term securities including Australian government and semi-government bonds and short-term income producing securities. From time to time, the portfolio may include a small exposure to international securities to provide further diversification and enhance returns. The international exposure is fully hedged into Australian dollars to reduce the impact of currency movements.</p> <p>It's designed for members seeking more capital stability than shares and higher returns than cash over the medium term.</p>	<p><b>Investment objectives</b></p> <p>To match (after fees and tax) the return of the Citigroup WGB Hedged Index (adjusted for fees and tax) and outperform an average annual return of CPI* + 1–2% over the short-to-medium term.</p> <p>This option uses indexing strategies to invest in a wide range of international bonds in developed and emerging markets including inflation-linked, government and non-government bonds. It is fully hedged into Australian dollars to reduce the impact of currency movements.</p> <p>This option is designed for members seeking more capital stability than shares and higher returns than cash over the medium term.</p>
<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>Direct property 100%</p>	<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>Fixed interest 100%</p>	<p><b>Strategic asset allocation 2012/13<sup>†</sup></b></p>  <p>International fixed interest 100%</p>
<p>*CPI stands for Consumer Price Index which is used as a measure of inflation.</p> <p><sup>†</sup> The strategic asset allocation is the target mixture of asset classes for each investment option, set by the AustralianSuper Investment Committee in light of the option's objectives and the medium-term market outlook. This is reviewed annually. AustralianSuper may change the strategic asset allocation from time to time to suit market conditions.</p>		



# Investment options

## DIY Mix investment options (cont'd)

### Diversified Fixed Interest

#### Investment objectives

To outperform (after fees and tax) 50% of the UBSA Composite All Maturities Bond Index plus 50% of the Barclays Global Aggregate Bond Hedged Index (adjusted for fees and tax) and an average annual return of CPI\* + 1–2% over the short-to-medium term.

This option invests in a wide range of Australian and international bonds including inflation-linked securities, government and non-government bonds and high-yield loans. The international component is fully hedged into Australian dollars to reduce the impact of currency movements.

This option is designed for members seeking capital stability and higher returns than cash over the medium term.

### Cash

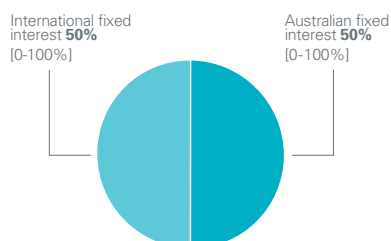
#### Investment objectives

To match (after fees and tax) the return of the UBSA Bank Bill Index (adjusted for fees and tax) and outperform the annual return of CPI\*.

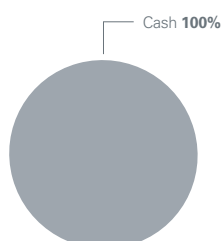
This option invests in short-term money market securities (such as term deposits) and some short-term bonds.

It's designed for members seeking stable returns above the official cash rate.

#### Strategic asset allocation 2012/13<sup>†</sup>



#### Strategic asset allocation 2012/13<sup>†</sup>



\*CPI stands for Consumer Price Index which is used as a measure of inflation.

<sup>†</sup> The strategic asset allocation is the target mixture of asset classes for each investment option, set by the AustralianSuper Investment Committee in light of the option's objectives and the medium-term market outlook. This is reviewed annually. AustralianSuper may change the strategic asset allocation from time to time to suit market conditions.

## Member Direct

#### Investment objectives

The Member Direct investment option enables eligible members to invest part of their AustralianSuper account in their choice of shares from the S&P/ASX 300 Index, a selection of Exchange Traded Funds and term deposits.

This option may suit members who want to be actively involved in managing their super or are seeking a low-cost alternative to a self-managed super fund.

We strongly recommend that AustralianSuper members speak to a licensed financial adviser before investing in this option.



AustralianSuper's diversified strategy helped reduce the impact of poorly performing share markets - with fixed interest, infrastructure, property and private equity all contributing positive returns.







**Max,**  
AustralianSuper member  
Since September 2010

# A dedicated Australian

Long-term success comes from consistent work and careful planning. It's an ability to weather life's ups and downs, never losing sight of the big picture.

At AustralianSuper we're committed to achieving the best financial outcomes possible for members. We want every Australian to reap the benefits of their hard work, dedication and patience.



## Investing in infrastructure

**Infrastructure investments are essential services that touch every Australian and strong infrastructure systems are vital for economic and social well-being. AustralianSuper is one of Australia's largest investors and owners of infrastructure assets with around \$5 billion invested in infrastructure assets in Australia and overseas.**

Not only does investment in quality infrastructure projects have the potential to provide excellent returns for members, but it also delivers benefits to the wider community in Australia and overseas.

The objectives of the Infrastructure asset class are to:

- › achieve equity-like returns over the long term (Bonds + 4%),
- › reduce performance volatility within the designated investment portfolio, and
- › minimise investment costs to improve net returns.

In relation to AustralianSuper's Balanced

option, investment in infrastructure helps to provide consistent outperformance. Investment in infrastructure can also provide a level of protection against share market volatility.

AustralianSuper's global infrastructure investments include essential services such as water, energy and communication utilities; transport assets such as airports, toll roads or ports, and social infrastructure such as hospitals and schools.

AustralianSuper's top 10 infrastructure holdings			
Sector	Country	Underlying assets	% of infrastructure portfolio <sup>1</sup>
Energy Generation	Australia, Chile, Brazil	Pacific Hydro	12.25%
Airport	Australia	Melbourne Airport	6.76%
Airport	Australia	Brisbane Airport	6.02%
Airport	Australia	Perth Airport	5.73%
Energy Generation	United States	Essential Power	4.66%
Water Utility	United Kingdom	Anglian Water Group	4.53%
Energy Transmission & Distribution	United States	Colonial Pipeline Company	3.21%
Seaport	Australia	Port of Brisbane	3.00%
Communications	Europe, United States	Arqiva Limited	2.65%
Energy Generation, Transmission & Distribution	Poland	Dalkia Polska	2.49%

<sup>1</sup> Where AustralianSuper's investments are through third-party managed funds, the percentage of AustralianSuper's infrastructure portfolio represents the indirect exposure to the underlying assets held by these investment vehicles.

# Investments and Investment Managers 30 June 2012

In addition to our internal investment management expertise AustralianSuper also uses a number of external Investment Managers. We take many factors into account when selecting investment managers, including:

- › strength of the company, its management structure and ownership
- › investment process used by the manager
- › experience of its investment team
- › track record
- › whether the manager complements AustralianSuper's other investment managers.

The following tables detail the composition of each of AustralianSuper's asset class portfolios and include:

- › Investment Managers which held customised mandates for AustralianSuper, to invest on the Fund's behalf as well as
- › Investment Managers which managed pooled trusts or funds on behalf of AustralianSuper and other institutional investors.

Please note: As at 30 June 2012, the following individual investments represented more than 5% of total fund assets: IFM ASX 300 Index Fund 14.2% and IFM Liquidity Trust 9.5%, as did the following combinations of investments: IFM 34.6% and ISPT 5.5%.

Investments and Investment Managers		
	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Listed equity - Australian</b>		
Alleron Investment Management Limited	431,662	0
Alphinity Investment Management Pty Ltd	448,947	0
Ankura Capital Pty Ltd	0	406,822
Antares Capital Partners Limited	260,506	292,316
Ausbil Dexia Ltd	928,674	1,009,719
Australian Sustainable Share Managers	0	5,813
Bennelong Australian Equity Partners Pty Ltd	0	158,537
Cash and sundry assets	1,014,549	336,517
Celeste Funds Management Limited	104,975	0
Colonial First State Asset Management (Australia) Limited	0	157,921
Concord Capital Ltd	0	542,325
Eley Griffiths Group Ltd	192,083	202,831
FIL Ltd	1,410,923	525,081
Industry Funds Management Pty Ltd	6,720,464	7,353,424
Macquarie Investment Management Ltd	0	407,197
Member Direct	413,026	236,211
Northcape Capital Pty Ltd	302,664	237,464
Orion Asset Management Ltd	20,041	1,035,449
Paradise Investment Management Pty Ltd	116,102	124,959
Perpetual Investment Management Ltd	1,602,299	1,714,187
SSGA Alpha Plus Trust	0	11,750
Vanguard Sustainability Leaders Australian Shares Trust	0	3,483
<b>Total - listed equity - Australian</b>	<b>13,966,915</b>	<b>14,762,007</b>

Table continues over



# Investments and Investment Managers 30 June 2012 (con't)

	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Listed equity - International</b>		
AQR Global Enhanced Equity Fund	0	209,399
Baillie Gifford Overseas Ltd	1,252,970	1,308,281
Capital International Inc.	0	828,270
Cash and sundry assets	267,108	165,554
Dexia Sustainable Global Equity Fund	77,380	82,613
First State Investments International Ltd	404,422	386,119
Genesis Asset Managers LLP	1,028,537	679,030
Harding Loevner LP	689,449	674,590
Independent Franchise Partners LLP	933,418	785,200
LSV Asset Management	1,066,859	976,183
Marathon Asset Management Australia Ltd	1,101,831	1,129,273
MFS Global Equity Trust	0	90,389
MFS Institutional Advisors Inc	461,745	0
Orbis Global Equity Trust	789,740	804,799
PanAgora Dynamic Global Equity Fund	0	212,893
Rare Infrastructure Ltd	1,138	0
Research Affiliates Fundamental Index Global Share Fund	0	90,359
Schroders Emerging Markets Fund	233	117,548
Vanguard Sustainability Leaders International Shares Trust	0	1,670
Vontobel Asset Management Inc	107,893	0
Wellington International Management Company Pte Ltd	369,711	412,387
<b>Total - listed equity - International</b>	<b>8,552,434</b>	<b>8,954,557</b>

	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Private equity</b>		
Australian Bioscience Trust	0	114
AustralianSuper Investment Fund No. 3	401,349	319,456
AustralianSuper Private Equity Trust	473,775	448,552
BBF 11F Partnership, LP	0	1,887
Cash and sundry assets	3,439	3,066
CM Capital Co-Investments	0	748
Coates Meyer Capital Venture Trust No.3	0	5,874
Coates Meyer Capital Venture Trust No.4	0	8,965
Frontier Investment Consulting Pty Ltd	1,307	1,320
GBS BioVentures III Fund	0	7,426
GBS Co-Investments	0	3,829
GBS Genesis Fund	0	1,577
IFM Australian Private Equity Fund II	12,832	27,319
IFM Australian Private Equity Fund III	62,731	69,801
IFM Australian Private Equity Fund IV	163,767	163,673
IFM International Private Equity Fund I	132,126	52,338
IFM International Private Equity Fund II	42,699	115,270
IFM International Private Equity Fund III	80,576	50,602
Industry Super Holdings Pty Ltd	104,846	274,753
Innovation Capital Co-Investments	0	5,872
Innovation Capital Fund II	0	5,650
Ironbridge Capital 2003/4 Fund	0	2,660
Medical Research Commercialisation Fund	0	2,839
Members Equity Bank Pty Limited	185,774	0
NBC Private Equity Funds IIA & IIB	0	3,825
Southern Cross Fund No.1	0	4,896
SRV MWEF Trust	0	2,832
SRV Tech Trust	0	7,406
Starfish Technology Fund I, LP	0	4,002
Starfish Ventures Co-investments	0	8,592
Starfish Ventures Pre-seed Fund	0	711
Stone Ridge Ventures Co-investments	0	2,051
Superpartners Pty Ltd	81,579	52,602
Trans Tasman Commercialisation Fund	0	3,465
Uniseed Co-investments	0	1,398
Universities Innovation Investment Trust No.2	0	5,119
Virtual Communities Pty Ltd	2,279	2,381
Wolseley Trust 1 & Co-investments	0	6,887
<b>Total - private equity</b>	<b>1,749,079</b>	<b>1,679,757</b>

	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Global bonds</b>		
Aquasure Finance	46,507	46,072
BCA Mezzanine Debt Trust	2,852	5,905
Bentham Asset Management Pty Ltd	888,776	350,562
BlackRock Index Australian Government Bond Fund	246,718	222,706
BlackRock Index World Government Bond Fund	0	55,938
Brandywine Global Investment Management LLC	727,894	596,309
Bridgewater Associates LP	698,080	630,037
Cash and sundry assets	767,237	196,013
Covered Bonds	517,189	0
Dampier to Bunbury Natural Gas Pipeline	99,494	100,012
DIF Capital Partners Senior Debt Trust	28	0
Fidante Partners	175,104	109,082
IFM Alternative Fixed Income Fund	949,330	627,783
Industry Funds Management Pty Ltd	55,409	0
ITS Technology & Logistics Senior Term Loan	9,335	9,654
Loy Yang Power CPI Indexed Amortising Annuity Bonds	18,466	13,643
Macquarie Investment Management Ltd	14,392	51,395
Perennial Investment Partners Ltd	563,498	381,402
Schroder Investment Management Ltd	563,026	328,833
SSGA International Fixed Interest Trust	74,110	26,677
State Street Global Advisors Australia Ltd	0	273,872
The Super Loans Trust	325,353	321,060
<b>Total - global bonds</b>	<b>6,742,798</b>	<b>4,346,956</b>

	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Property</b>		
AMP Core Property Portfolio	343,597	323,473
AMP Select Property Portfolio No. 2	4,611	7,399
AMP Select Property Portfolio No. 3	5,923	8,832
Australian Prime Property Fund Retail	17,918	17,270
Australian Sustainable Forestry Investors 1 & 2	7,854	5,420
AustralianSuper Investment Fund No. 4	157,532	154,836
AustralianSuper Property Pty Ltd	57,745	57,160
Battye Street Unit Trust	27,317	42,604
Calibre Capital Real Estate Workout Fund No. 1	7,462	7,521
Cash and sundry assets	72,480	74,708
Charter Hall Core Plus Industrial Fund	6,653	6,377
Charter Hall Opportunity Fund No. 4	6,019	7,212
Charter Hall Opportunity Fund No. 5	51,915	45,781
Eureka Development Fund No. 2	1,801	3,674
FKP Core Plus Fund	1,515	6,996
FKP Core Plus Fund Two	4,038	4,338
Fortius Active Property Trust No. 1	99,918	92,955
Franklin International Real Estate Fund 2A	17,890	18,824
Gresham Property Mezzanine Fund No. 2	1,194	2,768
Hastings Hancock International Timberland Fund No. 1	25,949	25,834
ICA Property Development Fund No. 4	0	992
ICA Property Development Fund No. 5	0	294
ISPT 50 Lonsdale Street Property Trust	95,386	89,670
ISPT Core Fund	2,293,799	1,949,817
ISPT Development and Opportunity Fund No. 1	41,188	42,127
ISPT Development and Opportunity Fund No. 2	78,936	62,158
ISPT Grosvenor International Property Trust	76,916	86,587
Macquarie Real Estate Equity Fund No.2	160	166
Macquarie Real Estate Equity Fund No.4	137	4,975
Macquarie Real Estate Equity Fund No.5	2,789	14,692
Macquarie Real Estate Equity Fund No.7	10,451	13,555
QIC Property Fund	985,574	954,107
R M Williams Agricultural Holding Pty Ltd	333	334
Sustainable Agriculture Fund	41,296	40,224
<b>Total - property</b>	<b>4,546,296</b>	<b>4,173,677</b>

Table continues over



# Investments and Investment Managers 30 June 2012 (con't)

	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Infrastructure</b>		
AGL Annuity	52,918	0
AMP Infrastructure Equity Fund	9,760	9,132
AMP Social Infrastructure Fund	15,796	15,864
AMP Strategic Infrastructure Fund	0	12,394
AustralianSuper Icon Parking No 1 Trust	10,874	12,772
AustralianSuper Icon Parking No 2 Trust	10,838	12,778
AustralianSuper Investment Fund	50,218	46,130
AustralianSuper Investment Fund No. 2	102,875	93,364
AustralianSuper Investment Fund No. 5	114,113	160,708
BAC HoldCo Pty Ltd	27,680	25,088
Brisbane Airport Trust	69,199	67,466
Cash and sundry assets	25,243	6,389
CFS Wholesale Infrastructure Fund	17,327	17,275
Gdansk Port Holding S.a.r.l.	12,413	17,611
Great Energy Alliance Corporation Pty Ltd	0	68,023
Greensands Holdings Ltd	28,163	22,692
GV Cayman Holding Trust	0	12,313
ICG Energy Infrastructure Trust	142,332	128,758
IFM Australian Infrastructure Fund	1,933,233	1,816,284
IFM International Infrastructure Fund	1,647,655	1,506,379
International Parking Group Holdings Pty Ltd	0	29,661
Macquarie AIR-serv Holdings Inc	0	5,046
Macquarie Global Infrastructure Fund IIIB	5,311	5,145
Macquarie Global Infrastructure II	53,052	54,537
Melbourne Stadium Trust	22,019	24,746
Mindarie Investment Trust	12,089	9,470
Moto International Holdings Limited	22,116	53,602
Moto International Parent Limited	33,175	0
Perth Airport Development Group Ltd	102,250	91,459
Rare Infrastructure Ltd	0	94,301
Rowville Transmission Facility Pty Ltd	13,999	28,286
Transact Communications Pty Ltd	0	4,030
Utilities Trust of Australia	501,865	521,889
<b>Total - infrastructure</b>	<b>5,036,513</b>	<b>4,973,593</b>

	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Capital guaranteed</b>		
AXA Capital Guaranteed	1,249,298	747,198
<b>Total - capital guaranteed</b>	<b>1,249,298</b>	<b>747,198</b>
<b>Absolute return strategies</b>		
Basis Australia RIM Fund	0	57
BlackRock Total Return Fund	2,520	355
Bridgewater Pure Alpha Fund	42,440	50,962
<b>Total - absolute return strategies</b>	<b>44,960</b>	<b>51,374</b>
<b>Cash</b>		
Citibank	38,675	0
Colonial First State Cash Management Trust	0	263,686
Colonial First State Asset Management (Australia) Limited	0	121,106
Industry Funds Management Limited	4,598,077	2,737,015
Members Equity Bank	78,102	0
<b>Total - cash</b>	<b>4,714,854</b>	<b>3,121,807</b>
<b>Total - investments by manager and asset class</b>	<b>46,603,147</b>	<b>42,810,926</b>
<b>Net derivatives</b>	<b>170,558</b>	<b>274,495</b>
<b>Total</b>	<b>46,773,705</b>	<b>43,085,421</b>

## Derivatives

AustralianSuper may directly invest in derivatives (futures and options) to reduce investment risks.

Investment Managers may use derivatives when investing in assets. Where this is the case, AustralianSuper considers the risks and the controls in place by reviewing each Investment Manager's Derivatives Risk Statement, and receives regular reports of the Investment Manager's compliance with their Derivatives Risk Statement. The statement details the use of derivatives, the controls on their use and the process for assessing the Investment Manager's compliance with these controls.

The derivatives charge ratio (the percentage of the Fund's assets being used as security for derivative investments) did not exceed 5% of AustralianSuper's assets at any time during the year.

By pursuing and securing opportunities, such as investment in quality infrastructure, AustralianSuper offers the potential to provide excellent returns for members - and helps to build a rewarding future for all Australians.





# Share holdings 30 June 2012

AustralianSuper invests in a range of asset classes across a number of markets. We are a large investor in the Australian share market, as well as having a spread of investments in international markets including emerging markets in Latin America and Asia.

The tables following detail our top 20 Australian share and international share investments. These holdings are based on the value of each holding as a percentage of the Fund's share investments.

For a list of AustralianSuper's top investment holdings at 30 June 2012 go to

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

## Top 20 share holdings as at 30 June 2012

Australian Shares	% Holding
BHP Billiton Ltd	10.30%
Commonwealth Bank	7.84%
Westpac Banking Corp	6.40%
ANZ Banking Group	6.38%
National Australia Bank	5.12%
Telstra Corp	4.51%
Rio Tinto Ltd	3.76%
Woolworths Ltd	2.03%
Wesfarmers Ltd	1.95%
Oil Search Ltd	1.67%
Newcrest Mining	1.65%
CSL Ltd	1.58%
Woodside Petroleum	1.57%
Wesfarmers Ltd Pps	1.55%
Orica Ltd	1.35%
Suncorp Group Ltd	1.34%
Westfield Group	1.31%
Iluka Resources Ltd	1.04%
Brambles Ltd	1.01%
Santos	0.98%

International Shares	Country	% Holding
Amazon.com Inc	USA	2.07%
Samsung Electronics	South Korea	1.88%
Apple Computer Inc	USA	1.69%
Ebay Inc	USA	1.62%
Baidu Inc-Adr	USA	1.49%
Tencent Holdings Ltd	China	1.35%
Taiwan Semiconductor	Taiwan	1.24%
Google Inc - CLA	USA	1.09%
Intuitive Surgical	USA	1.08%
PPR	France	0.98%
Reckitt Benckiser	Great Britain	0.93%
Atlas Copco Ab-A Shs	Sweden	0.92%
Anglo American Plc	Great Britain	0.81%
Novartis Ag	Switzerland	0.77%
Whole Foods Market	USA	0.77%
Inditex	Spain	0.76%
Nestle Sa	Switzerland	0.75%
British Amer Tobacco	Great Britain	0.74%
Imperial Tobacco Grp	Great Britain	0.73%
Gazprom-ADR	Russia	0.73%



## Share holdings 30 June 2012 (con't)

### Socially responsible share holdings

The Australian shares portfolio, in AustralianSuper's socially responsible investment options, is managed by Perpetual Investments, while the International shares portfolio in these options is managed by Ausbil Dexia.

### Share voting policy

Holding shares in a company provides the right to vote on issues at company general meetings. As a major institutional investor, AustralianSuper actively votes on matters relating to companies in the S&P/ASX 200 index in which we hold shares and on 500 global companies, including:

- › appointment of Directors
- › employee/director remuneration
- › auditor appointment and independence
- › changes to capital structures that may affect shareholder value
- › voting rights among shareholders
- › significant issues that concern social or environmental matters
- › resolutions proposed by shareholders rather than by the Board.

Generally AustralianSuper supports the Australian Council of Super Investors (ACSI) Corporate Governance Guidelines. But, we do reserve the right to take an alternative position to that advocated by ACSI, where we believe it to be in the long-term interests of members.

AustralianSuper's voting positions are determined by combining the governance advice received from ACSI, overlaying it with investment advice from Investment Managers, and considering Fund policy.

Overall, Australian Super voted in favour of 85% of AGM resolutions for ASX companies and against 15%.

AustralianSuper votes in a manner that will:

- › create and/or enhance company value, and/or
- › ensure the value is fairly distributed.

### AustralianSuper share voting guidelines

AustralianSuper has developed guidelines to assist in its voting decisions. These guidelines evolve to suit the changing market and governance requirements. These guidelines are reviewed at least annually and any proposed changes are considered by the Investment Committee.

Each quarter, the list of voting decisions for the past quarter is posted online at

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

# Share holdings 30 June 2012 (con't)

## Exposure by country

AustralianSuper, through its investment managers, invests in over 50 global markets. The table below provides information on the countries in the AustralianSuper international shares portfolio, and their approximate weighting compared to the benchmark - the Morgan Stanley Capital Index.

This information is updated on our website for 30 June and 31 December each year.

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

### International Equity country exposure as at 31 Dec 2011

Country	Actual weight	Benchmark weight
<b>Asia</b>	<b>1.46%</b>	<b>1.84%</b>
Hong Kong	1.25%	1.10%
New Zealand	0.00%	0.04%
Singapore	0.21%	0.69%
<b>Japan</b>	<b>1.66%</b>	<b>8.03%</b>
<b>Europe</b>	<b>12.97%</b>	<b>15.01%</b>
Austria	0.07%	0.10%
Belgium	0.70%	0.41%
Denmark	0.52%	0.42%
Europe Other	0.00%	0.00%
Finland	0.28%	0.27%
France	3.10%	3.38%
Germany	0.83%	2.95%
Greece	0.21%	0.02%
Ireland	0.83%	0.11%
Italy	0.38%	0.80%
Netherlands	0.89%	0.88%
Norway	0.01%	0.34%
Portugal	0.00%	0.06%
Spain	0.84%	1.00%
Sweden	1.57%	1.15%
Switzerland	2.76%	3.14%
<b>United Kingdom</b>	<b>6.60%</b>	<b>8.55%</b>
<b>North America</b>	<b>37.95%</b>	<b>53.43%</b>
Canada	0.83%	4.39%
United States	37.13%	49.04%

Country	Actual weight	Benchmark weight
<b>Other Markets</b>	<b>39.35%</b>	<b>13.15%</b>
Argentina	0.00%	0.01%
Brazil	4.73%	1.69%
Chile	0.58%	0.26%
China	7.11%	2.30%
Colombia	0.23%	0.17%
Cyprus	0.00%	0.00%
Czechoslovakia	0.14%	0.04%
Egypt	0.29%	0.04%
Hungary	0.24%	0.04%
India	3.79%	0.83%
Indonesia	1.15%	0.35%
Israel	0.11%	0.21%
Jordan	0.00%	0.00%
Korea	5.09%	1.96%
Malaysia	1.07%	0.46%
Mexico	2.26%	0.64%
Morocco	0.00%	0.01%
Nigeria	0.20%	0.00%
Oman	0.04%	0.00%
Pakistan	0.01%	0.02%
Peru	0.04%	0.09%
Philippines	0.48%	0.12%
Poland	0.40%	0.18%
Qatar	0.00%	0.00%
Russia	2.12%	0.77%
Saudi Arabia	0.07%	0.00%
South Africa	3.37%	1.03%
South Korea	0.01%	0.00%
Taiwan	3.54%	1.42%
Thailand	1.41%	0.28%
Turkey	0.88%	0.22%
United Arab Emirates	0.00%	0.00%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Sustainable investments

**The greatest impact AustralianSuper has on the environment is through our investments. AustralianSuper is required to assess and manage all foreseeable investment risk factors effectively. As a long-term investor, AustralianSuper is aware that these factors include environmental, social and governance (ESG) issues.**

At AustralianSuper, the duty to act in the best interests of members is foremost, and that means investing in such a way as to maximise investment returns for members. AustralianSuper does not undertake ESG investment activities at the expense of this duty to members. AustralianSuper believes that there is a correlation between companies that have good ESG performance and companies that generate better investment performance over the longer term.

### **An active approach to responsible investment**

AustralianSuper seeks to be active as an investor in order to increase returns to our members. We are actively involved with several organisations and investor groups that address a wide range of ESG issues.

AustralianSuper is a member, and uses the services of, the Australian Council of Superannuation Investors, to engage with companies and policy makers with the aim of progressing significant ESG issues. AustralianSuper has also joined a number of collaborative initiatives within the investment community; in many cases with a view to influencing stock brokers, companies and fund managers to consider ESG issues. We encourage fund managers to consider ESG investment issues by actively engaging with them and monitoring their investment portfolios.

We are a signatory to the United Nations Principles for Responsible Investment (UNPRI). The Fund has joined the Investor Group on Climate Change, which looks at the impact climate change may have on the value of investments, aiming to incorporate the risks and opportunities associated with climate change into investment decisions.

You can find out more about our socially responsible investment options online at [www.australiansuper.com/sri](http://www.australiansuper.com/sri)

We are also part of the Carbon Disclosure Project and ESG Research Australia, which is an organisation that encourages stockbroker research to include the value-add consideration of ESG issues.

### **Our socially responsible investment options**

Apart from the active investment approach we adopt for most of our investments, AustralianSuper also offers three socially responsible investment options:

- › Australian Sustainable Shares
- › International Sustainable Shares
- › Sustainable Balanced

These options are different from the Fund's other investment options because they have a more tightly defined 'universe' of investments that qualify to be included in their portfolios.

### **More than just a signatory**

Being a signatory to the UNPRI means agreeing to their six principles of responsible investment. We will:

1. Incorporate ESG issues into investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into our ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the Principles.
6. Report on our activities and progress towards implementing the Principles.

AustralianSuper is measured annually against these Principles by the UNPRI organisation and we ranked highly in the 2010/11 financial year.





# A productive Australian





**Trace,**  
AustralianSuper member  
Since March 2009

This is the lucky country, with an abundance of resources to support ongoing growth.

Investment in Australia's wealth of natural assets and know-how, combined with AustralianSuper's expertise in responsible funds management - creates prosperity for members, supports industry growth and helps build a successful, sustainable nation.

# The role of the Board

**Looking after the retirement savings of over 1.9 million Australians is a big responsibility, one that we are prepared for. AustralianSuper's Board of Directors is a group of experienced and high achieving individuals.**

The Trustee of AustralianSuper is AustralianSuper Pty Ltd. The Trustee is governed by a Board of Directors (the Board). The Board is appointed in accordance with the provisions of the Constitution of AustralianSuper Pty Ltd.

The Board oversees all aspects of AustralianSuper, ensuring that an appropriate governance framework is in place and maintained. The Board is made up of six member representatives, six employer representatives and may include up to two independent Directors.

All Directors are non-executive and independent of management. The Member Directors are appointed by the Australian Council of Trade Unions (ACTU) and the Employer Directors are appointed by Australian Industry Group (Ai Group) subject to ratification by the Board.

The Board elects a Chairperson for the Fund for an agreed term and has the ability to delegate its powers and responsibilities to Committees of the Board and Alternate Directors may be appointed.

The Board sets objectives and goals for the operation of the Fund, oversees management, regularly reviews the Fund's performance and monitors its affairs in the best interest of members.

The Terms of Reference adopted by the Board are reviewed annually. The Trustee has specifically reserved these matters for its decision:

- › approval of annual audited financial statements and statutory returns for the Fund and Trustee
- › changes to the Trustee's Registrable Superannuation Licence or Australian Financial Services Licence (apart from routine matters) including policies and procedures

The Board's Terms of Reference are available at

[www.australiansuper.com/Board](http://www.australiansuper.com/Board) or by calling 1300 300 273.

- › appointment and removal of the external and internal auditors, tax adviser and actuary
- › the investment strategy and objectives
- › the strategic asset allocation
- › selection of the Fund's Custodians (including the Master Custodian)
- › selection of the Fund's major investment consultants
- › the yearly crediting rates for all divisions
- › the Corporate Governance policy for investments
- › selection of the Fund administrator
- › selection of the Fund insurer/s
- › determination of the member administration fee for the Industry, Personal and Pension divisions
- › fees for Directors', Alternate Directors and Non-Director Committee Members
- › appointment of the Chief Executive
- › framework of management remuneration
- › nominations to external Boards.

The Board also reserves the right to make decisions on major policy issues.

The Trustee is covered by indemnity insurance against the financial effects of legal action against AustralianSuper.

## Delegation to management

Day-to-day management of the group's affairs and the implementation of corporate strategy and policy initiatives are formally delegated to the Chief Executive and senior executives. Delegations are reviewed regularly.



## AustralianSuper's Directors



**Elana Rubin**  
Chair

MA, BA (Hons) FAICD FAIST FAIM F Fin

Elana Rubin was nominated by the ACTU and joined AustralianSuper's Board on 1 July 2006. She has extensive experience in superannuation and investments and was Chair of one of AustralianSuper's predecessor funds, the Australian Retirement Fund (ARF) from 1994 to 1997, and Executive Director - Investments of ARF from 1997 to 2006.

Elana is currently a Director of Mirvac Group Ltd, TAL Life Limited and the not-for-profit food rescue organisation, SecondBite. She is also a member of Infrastructure Australia Council (Commonwealth), Climate Change Authority (Commonwealth) and Evans & Partners Advisory Board.



**John Ingram**  
Deputy Chair

John Ingram was nominated by the Ai Group and joined AustralianSuper's Board on 1 July 2006. Prior to that John was a Director of one of AustralianSuper's predecessor funds, the Superannuation Trust of Australia (STA). He became Deputy Chair of the AustralianSuper Board on 1 July 2007.

John has spent most of his career in the corporate sector where he has been a CEO and has been or continues to be a non-executive director of many publicly listed companies. These companies include Crane Group (Chief Executive), Nick Scali (Chair), Wattyl (Chair) and engineering firm UGL (Non-executive Director).



**Brian Daley**  
Member Director

BMath

Brian Daley was nominated by the ACTU and joined AustralianSuper's Board in March 2006. Brian previously served as the National President of United Voice and is now the National Industrial Officer (Industry Superannuation) of United Voice. He has had a long-serving career in the superannuation industry and was heavily involved in the introduction of the Superannuation Guarantee.

Brian is the Deputy Chair of Industry Super Property Trust and serves as a Director for Host Plus Pty Ltd. He is also a member of the Australian Institute of Superannuation Trustees' Governance and Professional Standards Committee.



**Lucio Di Bartolomeo**  
Employer Director

MEngSc BE

Lucio Di Bartolomeo was nominated by Ai Group and joined AustralianSuper's Board in March 2008. He is currently the National President of the Ai Group. Lucio has extensive experience in the rail, infrastructure, engineering and defence industries.

He is Chair of Macquarie Generation and a Non-executive Director of Downer EDI and Australian Rail Track Corporation. He has also held several senior positions including Managing Director of ADI Limited, Country Director of Thales Australia, Managing Director of FreightCorp and President of the Australasian Railway Association.



**Paul Howes**  
Member Director

Paul Howes was nominated by the ACTU and joined AustralianSuper's Board in August 2007. He is the National Secretary of the Australian Workers' Union (AWU), a position he was elected to in 2007, and has been a union official since 1999.

Paul is the Vice President of the ACTU, a member of the National Executive of the Australian Labor Party, a member of the Executive of the International Metalworkers Federation and serves on a number of Government boards.



**Jeff Lawrence**  
Member Director

BA/LLB (Hons)

Jeff Lawrence was nominated by the ACTU and joined AustralianSuper's Board in August 2008. Jeff brings a breadth of experience and understanding of the union movement.

Until May 2012 he was the Secretary of the ACTU and has been a strong advocate for the rights of working people. Jeff's prior experience includes heading the Liquor, Hospitality and Miscellaneous Union (LHMU – now United Voice) from 1990 to 2007.

## AustralianSuper's Directors (con't)



**Simone McGurk**  
Member Director

BA/Med

Simone McGurk was nominated by the ACTU and joined AustralianSuper's Board on 21 February 2011. She was a Trustee Director on the Westscheme Superannuation Fund Board and she joined AustralianSuper's Board during the merger between AustralianSuper and the Westscheme Superannuation Fund.

She is the Secretary of UnionsWA and has a long history of member advocacy through her 20 years in the union movement. Her prior experience includes roles at the Australian Manufacturing Workers' Union and United Voice. Simone is a member of the ACTU Executive and the WA State Training Board.



**Dave Oliver**  
Member Director

Dave Oliver was nominated by the ACTU and joined AustralianSuper's Board in July 2007. He was elected Secretary of the ACTU this year after serving the Australian Manufacturing Workers' Union (AMWU) for more than 20 years, including holding the position of National Secretary.

Dave established, and is currently a Director of, the National Entitlement Security Trust. Dave is a current member of the Resource Sector Skills Taskforce Sub Committee, the Automotive Industry Innovation Council, the Future Manufacturing Industry Innovation Council, and the Defence Industry Innovation Board.



**Tim Poole**  
Employer Director

BCom, CPA

Tim Poole was nominated by the Ai Group and joined AustralianSuper's Board, and became Chair of the AustralianSuper Investment Committee on 1 July 2011. Tim's extensive investment experience includes the establishment and operation of a large number of funds for Hastings Funds Management Ltd as an executive and later, as Managing Director of the company.

Tim is also a Non-executive Director of Newcrest Mining, Lifestyle Communities, and the Victoria Racing Club. He is Chairman of Westbourne Credit Management Limited, Continuity Capital Partners Pty Ltd and the LEK Consulting advisory board.



**Heather Ridout**  
Employer Director

BE (Hons)

Heather Ridout was nominated by the Ai Group and joined AustralianSuper's Board on 1 July 2007. She was Chief Executive of the Ai Group until April 2012 and is a company director and Reserve Bank Board member with a long history as a leading figure in public policy debate in Australia.

Heather is also a Director of the ASX and Sims Metal Management. Her other appointments include membership of the Boards of Skills Australia, the Climate Change Authority, the Australian Chamber Orchestra, Asialink, and the Advance Australia Advisory Board. She is also a member of the Australian Press Council National Advisory Panel.



**Alison Terry**  
Employer Director

BE/LLB (Hons) GradDip Acc

Alison Terry was nominated by the Ai Group and joined AustralianSuper's Board in March 2009. Alison brings expertise in government relations, legal and regulatory exposures and financial management to the AustralianSuper Board.

She is currently Head of Automotive and Corporate Affairs for Better Place Australia, and was GM Holden's Executive Director of Corporate Affairs from 2001 to 2008, Director of Government Relations and Public Policy from 1999 to 2001 and General Counsel from 1991 to 1997. Alison currently holds positions on the Boards of NBN Tasmania Limited and EV Engineering Limited.



**Grahame Willis**  
Employer Director

BCom FAIST

Grahame Willis was nominated by the Ai Group and joined AustralianSuper's Board on 1 July 2006. Grahame was an Employer Director of STA from 1998. He has extensive experience in general management, financial management, legal issues and superannuation.

He was the Executive Director of Finance, Administration and Superannuation at Ai Group with whom he was employed for 42 years. In 1997 Grahame received the Trustee of the Year Award at the Conference of Major Superannuation Funds and is a foundation Fellow of the Australian Institute of Superannuation Trustees.

### Alternate Member Directors

Nixon Apple, Mark Boyd, Leon Carter, Liam O'Brien, Michelle O'Neil, David Whiteley

### Alternate Employer Directors

Peter Burn, George Stamas

### Non-Director Committee members

Geoff Ashton - Investment Committee

Mike Nicolaides - Member and Employer Services Committee

### AustralianSuper's Company Secretary

AustralianSuper has two company secretaries, Ian Silk and Diane Spaul, both appointed 1 July 2006. Their role is to ensure that AustralianSuper complies with relevant legislation and regulation, keep Board members informed of their legal responsibilities in relation to meeting conduct, take minutes and keep other records.

More information about Alternate Directors and Non-Director Committee members is available at [www.australiansuper.com/Board](http://www.australiansuper.com/Board)

Board and Committee member attendance at meetings Year ending 30 June 2012												
	Full meetings of Directors		Investment		Audit Compliance and Risk Management		Member and Employer Services		Nomination and Remuneration		Budget Review	
Director	A	B	A	B	A	B	A	B	A	B	A	B
Brian Daley	7	7	12	15	-	-	5	5	-	-	-	-
Lucio Di Bartolomeo	6	7	-	-	-	-	5	5	-	-	-	-
Paul Howes	6	7	-	-	3	8	5	5	-	-	2	3
John Ingram	7	7	-	-	8	8	5	5	3	3	2	3
Jeff Lawrence	6	7	-	-	-	-	-	-	3	3	-	-
Simone McGurk	7	7	-	-	-	-	-	-	-	-	-	-
Dave Oliver	6	7	-	-	-	-	-	-	-	-	-	-
Tim Poole	6	7	15	15	-	-	-	-	-	-	-	-
Heather Ridout	5	7	-	-	-	-	-	-	2	3	-	-
Elana Rubin	7	7	13	15	-	-	4	5	3	3	3	3
Alison Terry	7	7	-	-	3	3	3	3	-	-	-	-
Grahame Willis	7	7	-	-	8	8	-	-	-	-	3	3
Alternate Director												
Nixon Apple	-	-	12	15	-	-	-	-	-	-	-	-
Mark Boyd	-	-	-	-	-	-	-	-	-	-	-	-
Peter Burn	-	-	10	15	-	-	-	-	-	-	-	-
Leon Carter	-	-	-	-	-	-	-	-	-	-	-	-
Paul Grant	-	-	-	-	-	-	1	3	-	-	-	-
Liam O'Brien	1	-	-	-	8	8	-	-	-	-	-	-
Michelle O'Neill	-	-	-	-	-	-	-	-	-	-	-	-
George Stamas	-	-	-	-	-	-	2	2	-	-	-	-
Robert Symons	-	-	-	-	2	2	-	-	-	-	-	-
David Whiteley	-	-	-	-	7	8	-	-	-	-	-	-
Non-Director Committee member												
Geoff Ashton	-	-	10	15	-	-	-	-	-	-	-	-
Mike Nicolaides	-	-	-	-	-	-	4	5	-	-	-	-

A = number of meetings attended.

B = number of meetings held during the time the Director held office or was a member of the committee during the year.



## AustralianSuper's Directors (con't)

### Committees of the Board

The Board has the ability under the Constitution to delegate its powers and responsibilities to Committees of the Board. The current Committees of the Board are:

#### Audit, Compliance and Risk Management Committee

The Audit, Compliance and Risk Management Committee monitors and oversees AustralianSuper's compliance with statutory reporting requirements to members, directors, and regulatory bodies as well as risk management control, financial reporting and external audit.

Chair: Grahame Willis

Members: Paul Howes, John Ingram, Liam O'Brien, Alison Terry, David Whiteley. Elana Rubin attends by invitation.

#### Investment Committee

The Investment Committee sets strategic asset allocation, monitors and assesses investment managers and makes recommendations as appropriate to the Board.

Chair: Tim Poole

Members: Nixon Apple, Geoff Ashton, Peter Burn, Brian Daley, Elana Rubin

#### Member and Employer Services Committee

The Member and Employer Services Committee oversees the range and quality of services provided to members and employers.

Chair: John Ingram

Members: Lucio Di Bartolomeo, Brian Daley, Paul Howes, Mike Nicolaides, Elana Rubin, George Stamas.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends to the Board nominations to fill director positions on external boards on which AustralianSuper has a seat; sets the salaries of the Chief Executive and senior executives and establishes the remuneration framework for the Fund.

Chair: John Ingram

Members: Jeff Lawrence, Heather Ridout, Elana Rubin

#### Budget Review Committee


The Budget Review Committee reviews and monitors the annual budget and recommends the annual budget to the Board. The Committee also ascertains whether the budget is appropriate having regard to the strategic plan, pricing reviews, benchmarking studies and other reviews and in relation to AustralianSuper's five year strategy.

Chair: Elana Rubin

Members: Paul Howes, John Ingram, Grahame Willis

#### During this year:

- › Mr T Poole joined the Board and became the Chair of the Investment Committee 1 July 2012
- › Mr R Symons retired from the Audit, Compliance and Risk Management Committee 31 December 2011 and Ms A Terry joined the Audit, Compliance and Risk Management Committee 9 February 2012.
- › Ms A Terry retired from the Member and Employer Services Committee 9 February 2012.
- › Mr P Grant retired from the Member and Employer Services Committee 10 February 2012 and Mr G Stamas joined the Member and Employer Services Committee 11 February 2012.



AustralianSuper's Board is committed to achieving the best possible retirement outcome for members. Setting objectives and goals for the operation of the Fund, overseeing the management of AustralianSuper and regularly reviewing the Fund's performance all help to ensure this result.

# Ethical and responsible decision making

**AustralianSuper seeks to maintain the highest standards of fund governance and control. This requires mechanisms that support sound ethical decision making, accurate and timely execution of decisions, clear and effective accountability and appropriate risk management.**

AustralianSuper's Code of Conduct policy covers decision-making by the Board, compliance with the Governing Rules and all legal requirements and sets out standards of behavior that are expected from all Directors, Alternate Directors, Non-director Committee Members and trustee staff including:

- › responsibility to members of the Fund
- › integrity and fair dealing
- › confidentiality and privacy
- › conflicts of interest
- › gifts and entertainment
- › equal opportunity
- › legal compliance.

## **Conflicts of Interest**

Directors are required to be well informed about the management of the Fund's investments, administration and compliance responsibilities, to avoid conflicts of interest and to comply with AustralianSuper's confidentiality policy.

AustralianSuper's Conflicts of Interest Policy sets out a framework to identify, assess and manage any actual or potential conflicts that Directors, Alternate Directors, Non-director Committee Members and trustee staff may have. It contains specific potential conflict examples and best practice guidance on how potential conflicts are to be managed.

## **Safeguard integrity in financial reporting**

The Fund's Audit, Compliance and Risk Management Committee oversees the integrity of the financial reporting process. The Board selects and appoints external auditors in accordance with a formal policy. The policy also sets out independence requirements for external auditors who provide an annual declaration of their independence to the Committee.

The external auditor attends the Committee's meetings and the Fund's annual member meeting to answer any questions about the conduct of the audit and the preparation and content of the Auditor's Report.

## **Recognise and manage risk**

The Board recognises that risk management is a whole-of-business responsibility and essential to good business practice, which needs to be embedded across the Fund's operations. So as well as adhering to risk management practices required by law, the Board and AustralianSuper's management adopt the requirements of the international standard on risk management (ISO 31000) in conducting risk management practices on a day to day basis.



## Related Parties

AustralianSuper will enter into contracts and investment transactions with a related party only where it determines equivalent or enhanced benefits will result for members. When the Fund invests in or contracts with a related party, we ensure that the:

- › investment or contract is made in the best interest of members
- › appointment of the service provider or the investment in the related entity is at fair market price
- › benefits of the services provided are periodically assessed
- › right of AustralianSuper to pursue its interests in the normal course of business is fully protected.

All related party transactions were made on normal commercial terms, under normal conditions and at market rates.

## Ownership of AustralianSuper Pty Ltd (the Trustee)

AustralianSuper Pty Ltd is owned by the Australian Industry Group and ACTU Super Shareholding Pty Ltd. ACTU Super Shareholding Pty Ltd holds the shares on behalf of the Australian Council of Trade Unions.

Under the terms of the Trust Deed, the Trustee is entitled to receive trustee services fees, calculated by reference to the costs incurred by the Trustee in running the Fund.

Related party disclosures are contained in the Fund's audited financial statements available early November 2012 at

[www.australiansuper.com/Governance](http://www.australiansuper.com/Governance) or by calling **1300 300 273**.

## Key service providers as at 30 June 2012

Service provided	Provider
Actuary	The Heron Partnership Pty Ltd
Administrators	Superpartners Pty Ltd Mercer (Corporate Division)
Bank	National Australia Bank
Custodians	JP Morgan Chase & Co. Superpartners Pty Ltd (bank accounts)
External auditor	Ernst & Young
Group life insurer	TAL Limited
Internal auditor	PricewaterhouseCoopers
Investment Managers	See page 31-34
Legal advisers	Holding Redlich IFS Legal Pty Ltd Maurice Blackburn Commercial Mercer Legal
Principal investment advisers	JANA Investment Advisers Pty Ltd Frontier Investment Consulting
Tax adviser	KPMG

## Remuneration

**Our core tenet is to act in members' best interest – Members First. So, AustralianSuper's remuneration practices reflect this value, and the need to engage appropriate staff and remunerate them in order to provide quality benefits and services to members.**

AustralianSuper is committed to ensuring that its remuneration practices enable AustralianSuper to:

- › attract and retain staff with skills required to optimally manage the operations and growth of the Fund.
- › ensure a level of equity and consistency of treatment across the Fund.
- › reflect the members-first orientation of the Fund.
- › schedule of Directors', Alternate Directors and Non-director Committee Members' (Directors) fees to be paid
- › major changes to conditions of employment for staff (including Enterprise Agreement negotiations)
- › framework of management and staff remuneration
- › remuneration of the Chief Executive and the other members of the Executive Team.

The Nomination and Remuneration Committee monitors the remuneration practices of the Fund and is responsible for the development, implementation and review of professional development standards and remuneration policies of the Board, management and staff, and the Fund's nominations to external Boards.

The Nomination and Remuneration Committee is primarily responsible for making recommendations to the Board on the:

### Directors' remuneration

Directors are remunerated for their work, having due regard to their specific responsibilities and the nature and objectives of the Fund. Except as indicated below, a separate meeting fee also applies. The fees are reviewed with effect from 1 July each year.

Retainers	1 July 2011 to 30 June 2012
<b>Board</b>	
Chair	\$75,200*
Deputy Chair	\$37,500*
Other Board member	\$14,500
<b>Committee Chairs</b>	
Investment Committee	\$80,000†
Audit, Compliance and Risk Management Committee	\$23,200
<b>Committee Members</b>	
Investment Committee	\$7,000
Audit, Compliance and Risk Management Committee	\$4,700
Nomination and Remuneration Committee	\$2,400
Member and Employer Services Committee	\$2,400
Budget Review Committee	\$2,400
<b>Non-Director Committee Members</b>	
Investment Committee	\$46,200†
Meeting attendance fee (per meeting)	\$1,500

\* Includes retainers for other committee memberships.

† Includes meeting attendance.

The amounts paid to the Directors for the year ending 30 June 2012 are set out below. The fees are either paid directly to the individual or to their employer.

	Short-term benefits		Post employment benefits	Total
	Cash fees	Non-monetary benefits	Superannuation	
<b>Directors</b>				
E. Rubin*	\$121,700	\$28,331	\$10,953	\$160,984
J. Ingram*	\$75,000		\$6,750	\$81,750
L. Di Bartolomeo*	\$33,400		\$3,006	\$36,406
B. Daley*	\$61,400		\$5,526	\$66,926
P. Howes*	\$46,200		\$4,158	\$50,358
J. Lawrence*	\$30,400		\$2,736	\$33,136
S. McGurk*	\$68,000		\$6,120	\$74,120
D. Oliver	\$23,500		\$2,115	\$25,615
T. Poole*	\$103,500		\$9,315	\$112,815
H. Ridout*	\$27,400		\$2,466	\$29,866
A. Terry*	\$37,297		\$3,357	\$40,654
G. Willis*	\$66,800		\$6,012	\$72,812
<b>Alternate Directors</b>				
N. Apple*	\$25,000		\$2,250	\$27,250
M. Boyd				
P. Burn*	\$22,000		\$1,980	\$23,980
L. Carter				
P. Grant*	\$2,970		\$267	\$3,238
L. O'Brien *	\$18,200		\$1,638	\$19,838
M. O'Neil				
G. Stamas*	\$3,930		\$354	\$4,283
R. Symons*	\$5,350		\$482	\$5,832
D. Whiteley*	\$15,200		\$1,368	\$16,568
<b>Non-Director Committee Members</b>				
G. Ashton*	\$46,200		\$4,158	\$50,358
L. Jerkovic†	\$5,100		\$459	\$5,559
M. Nicolaides*	\$8,400		\$756	\$9,156
B. Watchorn†	\$8,150		\$734	\$8,884

Directors are not entitled to annual leave, long service leave or performance payments.

\* These Directors are or were the Chairs and/or members of one or more Board Committee.

† L. Jerkovic and B. Watchorn were members of the Benefit Payments Committee, which held its final meeting in September 2011. Since then, the Committee's functions have been undertaken within the Trustee office.



## Remuneration (con't)

### Executive remuneration

Managers are employed under an open-ended contract, the terms of which can be varied by mutual agreement.

Remuneration is comprised of one or more of the following:

#### 1. Fixed annual remuneration

The fixed annual remuneration for managers is determined with reference to levels necessary to recruit and retain staff with the relevant skills and experience in the industry and to remuneration levels across the Fund and the relevant market. External advice is sought to ensure that the fixed annual remuneration meets these conditions.

The fixed annual remuneration is comprised of base salary and superannuation guarantee contributions.

#### 2. Investment Performance Payment Plan

AustralianSuper operates an investment performance payment plan which applies to a limited number of senior investment staff. The level of performance pay is set with reference to levels necessary to recruit and retain staff of the relevant experience and calibre.

The performance pay component for the participants is intended to reflect:

- a. the investment performance of the Balanced option (accumulation) which has an impact on members' account balances; and
- b. an individual's performance with respect to personal objectives in their role in the Fund.

Payments under the plan occur when ALL of the following targets are met in a financial year:

- a. investment performance of the AustralianSuper Balanced option is positive;
- b. investment performance of the AustralianSuper Balanced option is above inflation;

- c. investment performance of the AustralianSuper Balanced option is above the median performance in the relevant SuperRatings SR50 survey; and
- d. the participant achieves an individual performance rating of at least 'Meeting Expectations'.

When all of these criteria are met, payment is based on:

- a. investment performance weighted at 70%; and
- b. assessment of performance of the individual weighted at 30%.

The maximum payment available under the Performance Payment Plan is 40%, or 60% (for the Chief Investment Officer) of salary and super packages of the participants covered by the Plan. Payments under the payment plan are made in cash.

The Chief Executive and the Nomination and Remuneration Committee may revise the performance conditions and weightings in order to better meet the objectives of the remuneration policy.

The top five remunerated managers of the Fund are:

- › Ian Silk, Chief Executive
- › Mark Delaney, Deputy Chief Executive and Chief Investment Officer
- › Peter Curtis, Head of Investment Operations and Service
- › Jason Peasley, Head of Infrastructure
- › Innes McKeand, Head of Equities.

Table A on the following page summarises the actual remuneration the managers received for the year ended 30 June 2012. Remuneration is reviewed with effect from 1 July each year.

**Table A****The top five remunerated managers of the Fund**

Manager	Fixed remuneration package <sup>1</sup>	Investment Performance payment <sup>2</sup>	Non-monetary benefits <sup>3</sup>	Total
Ian Silk	\$564,000	n/a	\$22,767	\$586,767
Mark Delaney	\$560,041	\$0		\$560,041
Peter Curtis	\$365,531	\$0		\$365,531
Jason Peasley	\$347,000	\$0		\$347,000
Innes McKeand	\$346,931	\$0		\$346,931

<sup>1</sup> Includes superannuation, doesn't include annual leave (including leave loading) and long service leave accruals, performance plan payments and non-monetary benefits.

<sup>2</sup> No amount was payable under the Investment Performance Payment Plan for the year ended 30 June 2012.

<sup>3</sup> Includes motor vehicle and parking benefits and any associated fringe benefits tax.

Table B shows AustralianSuper's performance against the targets of the Investment Performance Payment Plan in 2011/2012.

As not all of the investment performance objectives were achieved in the year ending 30 June 2012, no payments under the Investment Performance Payment Plan will be made for the year.

**Table B****The table below shows performance of the Fund in 2011/2012**

Performance measures	Benchmark	Actual result	Result
Investment performance of the AustralianSuper Balanced option is positive	Positive	Positive	Achieved
Investment performance of the AustralianSuper Balanced option is above inflation	1.2%	0.98%	Not achieved
Investment performance of the AustralianSuper Balanced option is above that of the median Balanced fund in the relevant SuperRatings SR50 survey	0.45%	0.98%	Achieved

**Non-management staff**

AustralianSuper staff are employed under the AustralianSuper Enterprise Agreement. The current agreement expired on 30 June 2012. At the time this report was being prepared, the new agreement was being finalised. Staff whose salaries are set under the Agreement receive guaranteed annual increases to their remuneration. There are no guaranteed base pay increases included for management.

**Remuneration consultants**

AustralianSuper engages remuneration consultants to ensure that remuneration is in line with industry standards and to ensure that the Fund continues to attract and retain quality staff to most efficiently and expertly run and operate the Fund, and that the Fund's remuneration is consistent with our core tenet of being a members first fund.

In the past 12 months, AustralianSuper engaged Mercer to provide advice on a remuneration consulting project at a cost of \$4,042.

## Financial statements for the year ended 30 June 2012

Below is a summary of AustralianSuper's financial statements for the last two financial years. The financial statements for 2012 are taken from unaudited accounts.

Summary of AustralianSuper's financial statements for the last two financial years.			
		2012 \$'000	2011 \$'000
<b>Opening Balance</b>		<b>43,018,415</b>	<b>32,676,012</b>
Employer contributions		4,480,744	3,460,813
Member contributions		479,252	469,924
Transfers inwards		3,044,962	6,717,740
Investment income		386,161	3,400,948
Insurance receipts		151,919	121,483
Other income		14,302	15,007
<b>Total income</b>		<b>8,557,340</b>	<b>14,185,915</b>
Benefits paid and payable		3,791,000	2,883,619
Administration & operating expenses		172,182	139,351
Insurance expense		302,053	240,783
Income tax expense		423,716	579,759
<b>Total benefits and expenses</b>		<b>4,688,951</b>	<b>3,843,512</b>
<b>Net assets available to pay benefits at year end</b>		<b>46,886,804</b>	<b>43,018,415</b>
Members' funds		46,712,904	42,878,801
Reserves		173,900	139,614
<b>Liability for accrued benefits</b>		<b>46,886,804</b>	<b>43,018,415</b>

Reserves for the 3 years to 30 June 2012			
	2012 \$'000	2011 \$'000	2010 \$'000
Reserves	173,900	139,614	177,868

### More information about the AustralianSuper's reserves

The level of the reserve is determined by the Board annually based on an assessment of the risks faced by AustralianSuper and with regard to industry best practice. Our policy sets out how the level of the reserve is maintained and replenished through both investment earnings and operational surplus. It also outlines under what circumstances payments are made from the reserve. Included in the reserve is an amount set aside as an Operational Risk Reserve of \$140 million (\$130 million in 2011). The purpose of the Operational Risk Reserve is to provide funding for incidents where material losses may arise from operational risks (as opposed to investment risks).



## AustralianSuper balance sheet as at 30 June 2012

	2012 \$'000	2011 \$'000
<b>Assets</b>		
<b>Investments</b>		
Listed equity - Australian	13,966,915	14,762,007
Listed equity - International	8,552,434	8,954,557
Private equity	1,749,079	1,679,757
Global bonds	6,742,798	4,346,956
Property	4,546,296	4,173,677
Infrastructure	5,036,513	4,973,593
Capital guaranteed	1,249,298	747,198
Absolute return strategies	44,960	51,374
Cash	4,714,854	3,121,807
Derivative assets	249,450	293,391
Derivative liabilities	(78,892)	(18,896)
<b>Total investments</b>	<b>46,773,705</b>	<b>43,085,421</b>
<b>Other assets</b>		
Cash at bank	72,189	74,366
Receivables	14,350	11,531
Deferred tax assets	329,466	125,446
<b>Total assets</b>	<b>47,189,710</b>	<b>43,296,764</b>
<b>Liabilities</b>		
Benefits payable	21,092	24,858
Accounts payable	69,252	61,522
Current tax liabilities	212,562	191,969
<b>Total liabilities</b>	<b>302,906</b>	<b>278,349</b>
<b>Net assets available to pay benefits</b>	<b>46,886,804</b>	<b>43,018,415</b>

The full audited financial statements and auditor's report will be available by early November 2012 online at [www.australiansuper.com/Governance](http://www.australiansuper.com/Governance)



A full-page photograph of a man standing next to a large tree in a forest. The man is wearing a red jacket and a backpack. The forest is filled with tall, thin trees and green ferns. A rainbow is visible in the bottom left corner of the image.

**Mike,**  
AustralianSuper member  
Since July 2000





# An enduring Australian

Australia has developed over millions of years to become spectacular - a place with natural beauty, diverse cultures and a wealth of resources.

As Australians we don't take our relationship with good fortune lightly, but continue working hard to establish a rewarding future. Growth takes time and requires patience, but even the smallest investment has the potential to become a giant.



## Members come first

**To successfully run a fund just for members takes a real commitment by every staff member to our members first focus as well as our internal values: excellent outcomes, integrity, energy and generosity of spirit.**

### **A good place to work**

AustralianSuper recognises that our staff are key to our success. So, to support our team, we have developed and are implementing an integrated People and Culture Strategy outlining how we can create more opportunities for our people, enhance our skills and capabilities as an organisation and protect our values.

We also recognise the need to attract and retain the best employees through appropriate remuneration and flexible and fair working conditions

For the past six years AustralianSuper staff have participated in a survey to measure AustralianSuper's performance as an employer against key metrics. The survey is undertaken to identify areas for improvement and also to benchmark AustralianSuper as an employer of choice against other leading organisations.

The three key measurements of the survey are the People Leader Index, which looks at how well AustralianSuper is led and managed from the perspective of our staff, the Engagement Score, a measure of morale and satisfaction as an employee of AustralianSuper; and finally the Diversity index which looks at issues of diversity, equality and flexibility of working arrangements.

This year's results were very positive, with a record 89.7% of staff completing the survey. Our overall result was a score of 3.87 out of a possible 5.00. This is a very good result and above the average of 3.55 achieved by the other organisations that undertake this survey. This continues the trend of very strong overall results on both an absolute and comparative basis over the six years we have conducted the survey.

Our other key measures also fared well:

- › People Leader Index score 3.97
- › Engagement Index score 3.97
- › Diversity Index score 4.04.

These results reflect a clear understanding of AustralianSuper's vision, goals and performance. It also demonstrates that the Fund's stated values are evident in the behaviour of staff. The People Leader Index score also represents our significant investment in our managers.

A man with a beard, wearing a white lab coat and a hairnet, is smiling and standing next to a large, rotating industrial chocolate-making machine. The machine is filled with dark chocolate balls. The background is a warm, orange-toned industrial setting.

**Aujla,**  
AustralianSuper member  
Since October 2006

At AustralianSuper we celebrate our community and its ongoing growth. We now have 1.9 million Australians in our Fund and will continue to extend a hand to others.

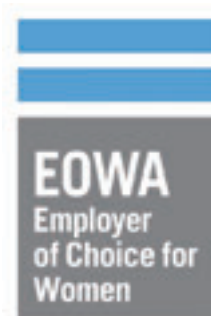
Ultimately that's what AustralianSuper is all about - providing the best retirement outcomes possible, to help our members enjoy a great Australian life.

## A good place to work

### Diversity

AustralianSuper is an equal opportunity workplace where remuneration is equal for males and females in the same role. We also hold diversity training for all staff, which includes Equal Employment Opportunity rights and responsibilities.

This year AustralianSuper was awarded the Equal Opportunity for Women in the Workplace Agency's national Employer of Choice for Women citation. This recognises AustralianSuper's commitment to merit based promotion and selection, flexible working arrangements and gender equality. At the time of the survey, 50% of management positions at AustralianSuper were held by females compared to the EOWA average of 33.8%.



AustralianSuper's workforce by gender and working arrangements			
	Full time	Part time	Total
<b>Female</b>			
New South Wales	9	2	11
Northern Territory		1	1
Queensland	1	2	3
South Australia	2		2
Tasmania	1		1
Victoria	53	19	72
Western Australia	6	3	9
<b>Sub-total female</b>	<b>72</b>	<b>27</b>	<b>99</b>
<b>Male</b>			
New South Wales	8		8
Northern Territory	1		1
Queensland	2		2
South Australia	3		3
Victoria	64	1	65
Western Australia	2		2
Beijing	1		1
<b>Sub-total male</b>	<b>81</b>	<b>1</b>	<b>82</b>
<b>Grand total</b>	<b>153</b>	<b>28</b>	<b>181</b>

AustralianSuper's management team by gender and age as at 30 June 2012					
	Female	Male	Age under 30	Age 30-50	Age 50 plus
Executive team	3	7	0%	30%	70%
Management	18	18	0%	83%	17%
<b>Total</b>	<b>21</b>	<b>25</b>	<b>0%</b>	<b>72%</b>	<b>28%</b>



# Our Executive team

## 1 Margie Hill

### General Manager People & Culture

Margie is responsible for aligning the Fund's human resource policies and practices to business strategy at both strategic and operational levels.

## 2 Tony Cavanagh

### General Manager Finance & Risk

Tony is responsible for all financial accounting and risk matters (including information technology) for AustralianSuper covering statutory lodgments and budgetary and expense control.

## 3 Ian Silk

### Chief Executive

Ian Silk is the Chief Executive of AustralianSuper and is responsible for the strategic direction and overall management of the Fund.

## 4 Mark Delaney

### Deputy Chief Executive & Chief Investments Officer

Mark is responsible for developing and implementing investment strategies.

## 5 James Coyle

### General Manager Marketing & Communications

James is responsible for AustralianSuper's marketing initiatives as well as the development of education and communication strategies for members and employers.

## 6 Shawn Blackmore

### General Manager Operations

Shawn is responsible for the provision of superannuation, pension and insurance administration across all industry and corporate divisions.

## 7 Paul Schroder

### General Manager Growth & New Opportunities

Paul is responsible for managing AustralianSuper's business development including new opportunities.

## 8 Diane Spaul

### General Manager Legal & Compliance

Diane is responsible for ensuring AustralianSuper meets all legal and compliance obligations.

## 9 Anna Aristotle

### General Manager Workplace Services & Education

Anna is responsible for AustralianSuper's Account Managers and ensures they are focused on the timely and efficient provision of services to members and employers.


## 10 Noel Lacey

### General Manager Product

Noel is responsible for the management of the Fund's existing range of products and the development of new products.







As a profit-for-member Fund, AustralianSuper exists to serve the interests of members. Continuing to seek growth in a measured way to achieve better retirement outcomes for members is our commitment.

Thank you for your ongoing support of AustralianSuper. Together we look toward a bigger, brighter future for all Australians.



This Annual Report was prepared in September 2012 by AustralianSuper Pty Ltd ABN 94 006 457 987, AFSL 233788 the Trustee of AustralianSuper ABN 65 714 394 898 and may contain general financial advice that does not take into account your personal objectives, situation or needs. Before making a decision about AustralianSuper, consider your financial requirements and read the Product Disclosure Statement, available at [www.australiansuper.com/PDS](http://www.australiansuper.com/PDS) or by calling 1300 300 273.

**Surcharge payments (if any) are deducted from members' accounts.**

**AustralianSuper may transfer your account**

If you have less than \$700 in your account and we haven't received employer contributions for you for at least 13 months, AustralianSuper 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](http://www.ato.gov.au)

**Temporary residents – permanently leaving**

If you're a temporary resident permanently 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, we do not have to give you an exit statement if we pay your benefit to the ATO in these circumstances. Once transferred, you'll need to contact the ATO to claim your benefit.



#### How to contact us:

##### Industry and Personal Division:

Call 1300 300 273  
Web [www.australiansuper.com](http://www.australiansuper.com)  
Email [www.australiansuper.com/email](mailto:www.australiansuper.com/email)  
Mail AustralianSuper  
GPO Box 1901, Melbourne VIC 3001

##### Corporate Division:

Call 1300 309 466  
Web [www.australiansuper.com/corporate](http://www.australiansuper.com/corporate)  
Mail AustralianSuper Corporate  
GPO Box 4303, Melbourne VIC 3001

##### Retirement Division:

Call 1300 789 932  
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