

# INVESTING FOR YOUR FUTURE

ANNUAL REPORT 2013





# YOUR FUND YOUR FUTURE

**THROUGHOUT OUR LIVES WE INVEST IN A  
WHOLE RANGE OF THINGS: EDUCATION, FAMILY,  
HEALTH, HOME.**

When it comes to investing in super, people seek out a trusted fund, with a wealth of experience and genuine concern for its members' future.

At AustralianSuper we take our investment seriously, to ensure the future looks good for you and your family.

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**AustralianSuper member, Adam** (pictured here with Yarrak) is a senior wildlife trainer at the Territory Wildlife Park in the Top End. Recently engaged, Adam has been a member of the Fund since 2013 and plans to contribute 3% extra to his super as further investment for his future.

# WELCOME

**AUSTRALIANSUPER PLAYS A BIG ROLE IN THE FUTURES OF TWO MILLION AUSTRALIANS. WITH MEMBERS' ASSETS EXPECTED TO SURPASS \$100 BILLION BY 2016, WE WILL CONTINUE TO PROVIDE THE BENEFITS OF BEING BIGGER DIRECTLY TO MEMBERS.**

2013 was a year that saw super produce near record results – on average over 14% to super members. This is the highest return since the onset of the GFC in late 2007 and the third highest since the introduction of compulsory super 21 years ago.

AustralianSuper's Balanced option returned 15.63% for the year ended 30 June 2013, outperforming the median balanced fund, which returned 14.73%\*. Over ten years, AustralianSuper produced an average annual return of 7.64%, compared to the benchmark return of 6.94%.\* On a one-year view, it is a very strong return but taking a more realistic long-term view, it's a signal that markets remain volatile.

## Fund growth

During 2012/13, over 312,000 new members joined the Fund. As we grow, we will continue to provide the benefits of being bigger directly to members - through better value investments, insurance, education, services and advice.

Beyond investment returns, AustralianSuper performed strongly in 2012/13, achieving targets in relation to member satisfaction, service levels, brand recognition and people leadership.

And in response to a changing and increasingly competitive superannuation and regulatory environment, we transformed our organisational structure to position the Fund strongly for the future.

## Our commitment to ESG

AustralianSuper's key priority is to maximise retirement outcomes for members. We believe that good environmental, social and governance (ESG) performance is more likely to increase a company's value and therefore maximise sustainable long-term returns to members.

As a large investor, AustralianSuper actively engages with companies and fund managers to influence ESG decision-making for the long-term benefit of members. This is our active investor program, which you can read more about on page 41.

**AFTER SEVEN YEARS ON THE BOARD, SIX AS CHAIR, ELANA RUBIN STEPPED DOWN IN APRIL 2013. WE THANK ELANA FOR HELPING TO SHAPE THE FUND YOU SEE TODAY. READ MORE ON PAGE 44.**

## Outlook for 2013/14

We believe the next year will see a return closer to long-term investment performance averages. Continuing volatility, improving sentiment in the US and ongoing growth in China should provide opportunities to increase our investments in global share markets, particularly developed markets, at lower prices.

As we continue to build our internal investment capability, a challenge will be to recruit the right people, wherever they are. Another key objective is to ensure the Fund continues to operate efficiently and successfully for members.

We thank you for your ongoing support. As a profit for member fund, we exist to create the best possible retirement outcomes for you and we look confidently to the future and to achieving that objective. We welcome your comments or feedback about AustralianSuper or this Annual Report by email at [isilk@australiansuper.com](mailto:isilk@australiansuper.com) or [hridout@australiansuper.com](mailto:hridout@australiansuper.com)



**Heather Ridout**  
Chair



**Ian Silk**  
Chief Executive

\* SR50 Balanced Index, SuperRatings Crediting Rate Survey, June 2013





**DURING 2012/13,** WE WELCOMED 312,121 NEW MEMBERS INTO THE FUND AND PRODUCED ABOVE-AVERAGE INVESTMENT PERFORMANCE. WE INVESTED IN TWO OF AUSTRALIA'S BUSIEST PORTS AND LAUNCHED THE PUBLIC SECTOR DIVISION.

**IAN SILK**  
CHIEF EXECUTIVE

**HEATHER RIDOUT**  
CHAIR

# HIGHLIGHTS 2012-2013

## INVESTMENT PERFORMANCE

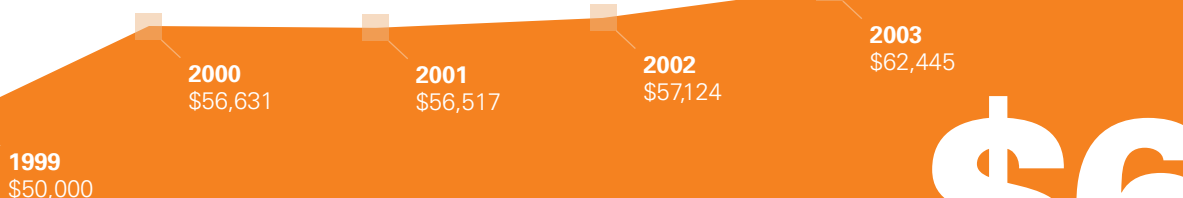
At 30 June 2013	1 year	5 years (pa)	10 years (pa)
AustralianSuper Balanced	15.63%	4.20%	7.64%
Median fund*	14.73%	3.89%	6.94%
AustralianSuper Balanced (Pension)	17.17%	5.09%	–
Median fund† (Pension)	16.68%	4.60%	–

\*SR50 Balanced Index, SuperRatings Crediting Rate Survey, June 2013

†SRP50 Balanced Index, SuperRatings Crediting Rate Survey, June 2013

# 15.63%

AustralianSuper is focused on investing over the long term. This graph represents how \$50,000 invested in the Balanced option has performed since September 1999.



# 6.6

## MILLION VISITS

### Self service

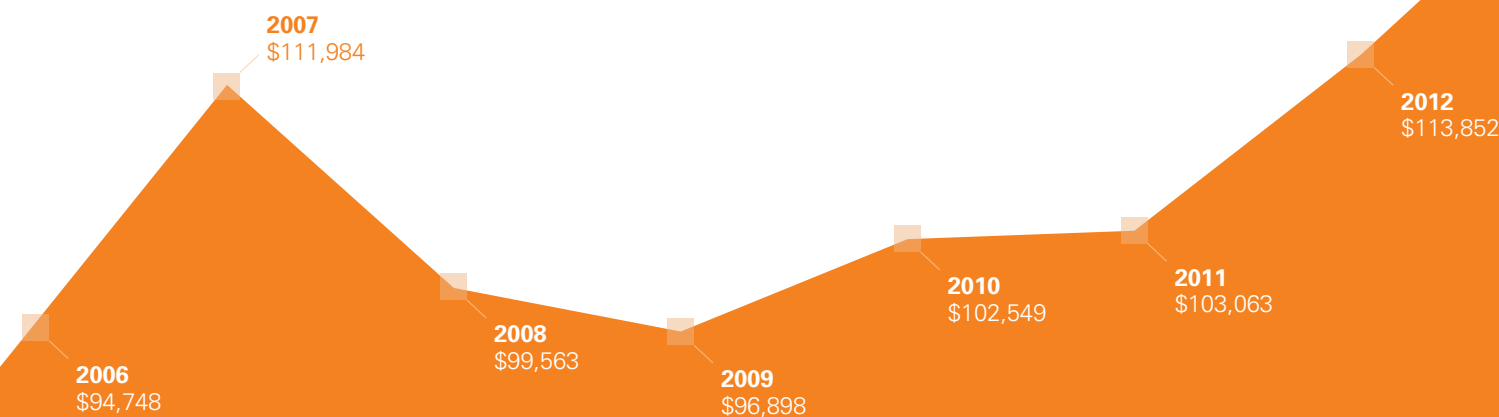
AustralianSuper members and employers have embraced our online service, with 6.6 million visits to our website during 2012/13. We received more than 2.8 million log-ins and over 230,000 new members managed their super and insurance online. Members had the opportunity to opt-in to online statements and to give paper a miss. Apart from the environmental benefits of moving to digital communications, building our online and mobile self-service capabilities will be key to keeping fees low for members.

# \$65

## BILLION

### A bigger AustralianSuper community

In 2012/13, we welcomed Australian Government Employees Superannuation Trust (AGEST) members to the AustralianSuper community, to create the new Public Sector Division. In December 2012, we successfully transferred the IBM corporate super fund to AustralianSuper, representing one of the largest corporate super fund outsourcing arrangements in Australian history. AustralianSuper will continue to seek mergers and partnerships that are beneficial for all members.



## More responsive

### Helping members, when they need it most.

In 2012/13, AustralianSuper improved the insurance application and claims processes. As a result, more than 85% of applications are finalised in less than 10 days - down from 30 days. There has also been a 200% increase in members varying their cover online with more than 75% being accepted within 24 hours.

## 2 MILLION MEMBERS

### Bigger to be better

More than one in ten working Australians – over 2 million members – have their super with AustralianSuper. This represents growth for the Fund of 6.5% during the year. The Pension Division grew, with more than 17,000 retirees now receiving a regular income from their AustralianSuper pension. We service 195,000 employers – an increase of 12% since 2011/12 – from industries spanning the manufacturing, building services, public sector, financial services, steel, food, aviation, community services and horse racing industries.

## MySuper

MySuper products are designed to give working Australians access to low cost, no frills super. AustralianSuper is now MySuper authorised across our Industry and Personal Divisions. Members will continue to get the same benefits, including low fees, investment choice, great value insurance and access to comprehensive education and advice.

## one

### One fund for super

More members understand the benefits of putting their super together as nearly 93,000 combined more than \$500 million into their AustralianSuper account during 2012/13.





**Kay became an AustralianSuper member in 2012** as part of the AGEST merger. Life is pretty busy right now, renovating and tending her kitchen garden. She and husband, Jim travel to the UK regularly to see grandchildren and are planning to visit Vietnam next year.





# YOUR INVESTMENT IS WELL TENDED

**EVERY INVESTMENT WE MAKE, WHETHER  
EMOTIONAL, PHYSICAL OR FINANCIAL  
REQUIRES A LOT OF CARE.**

AustralianSuper understands how important our role is in cultivating a prosperous future for you.

At AustralianSuper we work hard to ensure your super flourishes, so you can reap the benefits of all your efforts in retirement.



# SUPER REFORM MEANS MORE FOR YOU

## AUSTRALIANSUPER TAKES AN ACTIVE ROLE IN THE PUBLIC DEBATE ON RETIREMENT INCOMES POLICY AND WE SUPPORT THOSE INITIATIVES THAT MEAN MORE RETIREMENT INCOME FOR MEMBERS.

AustralianSuper has a dedicated policy team, which is responsible for research, analysis and recommendations relating to superannuation and other relevant public policy developments.

To improve the retirement outcomes for members, we are an active participant in industry debates and policy development. Here are some issues we continue to speak out in favour of:

### › Older Australians can now add more to super before-tax

The Government has increased the before-tax contribution limits for those aged 59 years or over on 30 June 2013, who can now contribute \$35,000 before-tax to their super. This higher amount will apply to those aged 49 or over from 30 June 2014. *We are supportive of giving people the opportunity to boost their super in the years prior to retirement.*

### › Employees over age 70 will now be paid super

The maximum age limit for paying super for an employee has been removed. This means all employees aged over 18 who earn more than \$450 a month will now receive super. *This change makes for a fairer superannuation system.*

### › Superannuation Guarantee rate set to increase

In May 2010, the Government announced compulsory employer Superannuation Guarantee (SG) contributions would increase from 9% of salary to 12% by July 2019 – an eventual 33% increase in super contributions for working Australians. The first increase of 9.25% became effective on 1 July 2013.

*This reform will make a real difference to the quality of life members have in retirement.*

### › Low-income earners pay little or no tax, so why should they pay super tax?

Also known as the Low Income Super Contribution, low-income workers earning less than \$37,000 a year will be refunded the 15% contributions tax deducted from their super account up to \$500. *This measure is critical to improving the quality of life low-income Australians will enjoy in retirement.*

THE INCOMING COALITION  
GOVERNMENT PROPOSES  
TO DELAY BY TWO YEARS THE  
FULL IMPLEMENTATION OF THE  
SUPERANNUATION GUARANTEE RATE  
INCREASE, AND TO REMOVE THE  
LOW INCOME SUPER CONTRIBUTION.



# AUSTRALIANSUPER, MORE THAN MySuper

**AT FIRST GLANCE, ALL MYSUPER PRODUCTS MAY LOOK THE SAME. BUT WHEN IT COMES TO INVESTMENT MANAGEMENT AND INSURANCE ARRANGEMENTS, YOU'LL BE BETTER OFF WITH AUSTRALIANSUPER.**

MySuper funds are designed to give working Australians access to low cost, no frills super options. AustralianSuper's default investment - the Balanced option - has been MySuper authorised since 1 July 2013.

The Balanced option is a diversified, actively managed investment, which has delivered strong long-term growth for members.

Since its inception in 1985, AustralianSuper's Balanced option has delivered an average annual return of 9.54% to members and we commit significant resources to ensure the Balanced option continues to deliver the best services and results for AustralianSuper members.

- › The fees are low, which means more for members.
- › Members receive competitive Death and Total & Permanent Disablement insurance cover. Our purchasing power means members get a better deal on their insurance. When members join they can significantly increase their cover without having to provide health checks. AustralianSuper members have access to good, low-cost insurance cover up to 48%\* cheaper than insurance offered by major retail super funds.
- › We give members easy online access to their accounts, a wide range of educational services and we offer financial advice over the phone at no extra cost.†

## **AustralianSuper is an active investor**

As well as actively managing the Balanced option's asset allocation, we actively manage a range of 'levers' that help to optimise investment returns. These include sector tilts, external fund manager and investment selection and active oversight of management costs.

Our active asset allocation approach entails adjusting the asset allocations for our investment options, within predetermined ranges – in line with prevailing market conditions.

## **AustralianSuper is MySuper ready**

From 1 January 2014, only MySuper Authorised super funds will be able to accept Superannuation Guarantee contributions for employees who haven't chosen a super fund. With the Balanced option, now AustralianSuper's default MySuper option across the Industry and Personal Divisions, members will continue to get the same benefits in the new MySuper world.



\* Analysis of AustralianSuper's overall insurance costs from 29 June 2013 compared to the five largest Australian retail super funds based on quotes provided by Chant West, March 2013. For more information go to [www.australiansuper.com/InsuranceChanges](http://www.australiansuper.com/InsuranceChanges)

† Financial advice given to industry members from the Financial Education and Advice Team is 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. Similarly, financial advice given to corporate members is provided under the Australian Financial Services Licence held by Mercer Outsourcing (Australia) Pty Ltd or Mercer Financial Advice (Australia) Pty Ltd and is not the responsibility of AustralianSuper.

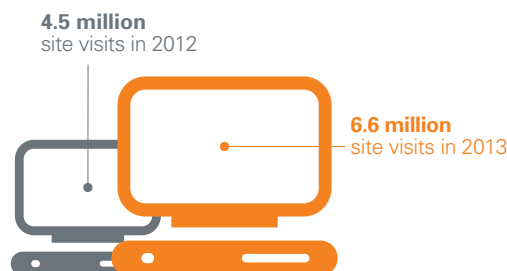
# STRIVING FOR A GREAT MEMBER EXPERIENCE

**GIVING MEMBERS ACCESS TO HELP AND ADVICE AND MAKING OUR PRODUCTS AND SERVICES BETTER HAVE BEEN A FOCUS FOR THE FUND DURING 2012/13.**

## GETTING THE RIGHT HELP AND ADVICE

### Online

AustralianSuper's online tools are the first step to getting more involved with your super. During 2012/13, more than 493,000 members used our online calculators and 17,000 received personal advice by logging into their online account. More members found it easier to manage their super account online, up 200% from 2011/12 and more members visited the website, up 46% from 2011/12. Members can find out more about super and investment by watching webinars or reading fact sheets on various super topics.



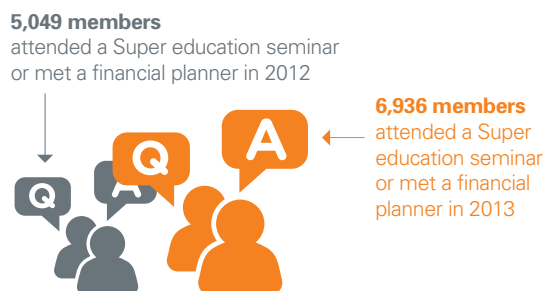
### On the phone\*

During 2012/13, our specialist team of superannuation advisers helped more than 18,000 members on questions and issues related to their super. There was a slight drop in members getting advice over the phone, which could be attributed to the increase in the usage of online tools and calculators. In particular, members were able to get help over the phone in relation to selecting investments, adding to super, reviewing their insurance needs and retirement planning. Of those who called, 2,000 were given personal advice in relation to their super.



### In person†

For members who have more complex financial questions, AustralianSuper provides referrals to financial planners, who provide advice on a no-commission, fee-for-service basis. Where issues relate to super, some of the fees may be deducted from a member's super account. This year, over 6,900 members came along to a super education seminar and approximately 1,800 members met with a financial planner. During 2012/13, AustralianSuper opened its first Advice Centre in Melbourne where members can come in for face-to-face personal advice.



\* Financial advice given to industry members from the Financial Education and Advice Team is 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. Similarly, financial advice given to corporate members is provided under the Australian Financial Services Licence held by Mercer Outsourcing (Australia) Pty Ltd or Mercer Financial Advice (Australia) Pty Ltd and is not the responsibility of AustralianSuper.

† The financial advice you receive from an Industry Fund Financial Planning planner is 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.



## PRODUCT AND SERVICE INNOVATIONS

### Annual benefit statements online

In October 2012, annual benefit statements and snapshots went online, giving members the option to 'opt-in' to paperless statements and view their member bulletin and history of statements online.

### Contact centre

As a result of the feedback given to us by members last year, the Fund invested in an update to our call centre technology and introduced a 'Members call once' philosophy. The Fund answered over 1.1 million calls, over 350,000 emails and over 325,000 pieces of correspondence.

### Insurance

To improve the services for members who want to increase or change their insurance cover, we introduced a tele-underwriting and online cover variation process. As a result, more than 85% of applications are finalised in less than 10 days, where previously the average time was 30 days. With the introduction of the online cover variation process there has been a 200% increase in members varying their cover, with more than 75% of online variations being accepted within 24 hours.

### Claims

We've also improved the claims process. A thorough review and improvement of the assessment process, combined with asking the right questions of members and medical specialists, has resulted in an average 50% reduction in the time taken to finalise a member's claim. Members can also call and lodge their claims directly with an assessor.

We now have a team of more than 120 staff dedicated to assisting members through the insurance claims process and the Fund pays more than 1,500 Death or Total and Permanent Disability insurance claims each year and more than 2,000 income protection payments each month.

### Pension fees went down by 30% on average

On 1 January 2013, AustralianSuper lowered the pension fees from \$1 a week plus 0.22% of account balance (capped at \$1,100) to \$1.50 a week plus 0.11% of account balance (capped at \$750). For the average AustralianSuper pension member, this represented a 30% reduction in administration fees.

### New and improved products

In October 2012, the new International Shares – Hedged option was launched, with the aim of stripping out the impacts of movements in the Australian dollar, and thereby reducing volatility.

AustralianSuper implemented daily investment switching in January 2013 to provide a more responsive investment environment for members who wish to switch between investment options.

### Making super transactions easier

AustralianSuper is committed to providing high quality administration services for members and employers to make their super transactions as seamless, straightforward and cost-effective as possible.

Administration services for members and employers within AustralianSuper's Industry, Pension and Personal Divisions are provided by Superpartners Pty Ltd, of which AustralianSuper is a part owner.

Superpartners is continuing work on the delivery of its 'nextGEN' administration and service transformation program. The program represents a major upgrade to Superpartners' administration platform and its corresponding service capabilities for AustralianSuper members and employers.

When complete, the new administration platform will provide integrated systems, efficient straight-through processing and sophisticated data analytics capabilities. It will enable Superpartners to keep administration costs low, while catering to the evolving needs and expectations of members and employers, so AustralianSuper can continue to deliver the best possible outcomes for our members in retirement.

The program involves the replacement of 11 key technology platforms, six of which have been completed.

There have been delays in the original timing and there have also been significant changes to the scope of works. AustralianSuper is confident that the project will deliver members a better service experience and enable us to continue to keep costs low.

**AUSTRALIANSUPER, REDUCED PENSION ADMINISTRATION FEES BY UP TO 30% GIVING AUSTRALIANSUPER PENSION MEMBERS' RETIREMENT INCOME A REAL BOOST.**



**AustralianSuper member, Rita** (pictured here with Alfie) is a veterinary nurse and has been a member of the Fund since 2008. After returning from working overseas, she's settled back home to build her super savings and buy her first home.





# INVESTING OVER THE LONG TERM

**BUILDING FUTURE WEALTH IS A LONG TERM VENTURE –  
AND WE ARE WITH YOU FOR THE LONG RUN.**

Creating wealth for your retirement doesn't happen overnight. It calls for patience, research and sound investment advice. AustralianSuper works with you to create a solid foundation so you can build a better retirement.

After all, it's your money and your future.

# INVESTING IN ANY CONDITIONS

**AUSTRALIANSUPER HAS THE  
EXPERTISE AND EXPERIENCE  
TO MANAGE FLUCTUATIONS  
IN THE MARKET AND  
PREPARE FOR THE FUTURE.**

At AustralianSuper we work hard to keep your investments growing for long term results, regardless of the short term challenges.



### STAYING THE COURSE OVER THE LONG TERM HAS DELIVERED STRONG RETURNS FOR MEMBERS

Most AustralianSuper members invest in the Balanced option - our MySuper authorised option. This strategy has delivered an annual average return of 9.54% since its inception in August 1985, and helped to buffer members' super balances against the volatility of the Global Financial Crisis (GFC).

### Propagating opportunities on home soil and abroad

As a major participant in the \$1.6 trillion Australian superannuation industry, AustralianSuper is committed to supporting investments that benefit our members.

Infrastructure is a particularly good match for superannuation members as it often has investment timeframes of multiple decades.

Australia represents just 2.5% of the world economy, so it's important we position the Fund to take advantage of offshore investment opportunities. Building an international property capability with select investment partners and establishing a research office in China have helped to expand our global reach this financial year.

### Building a strong team to weather any storm

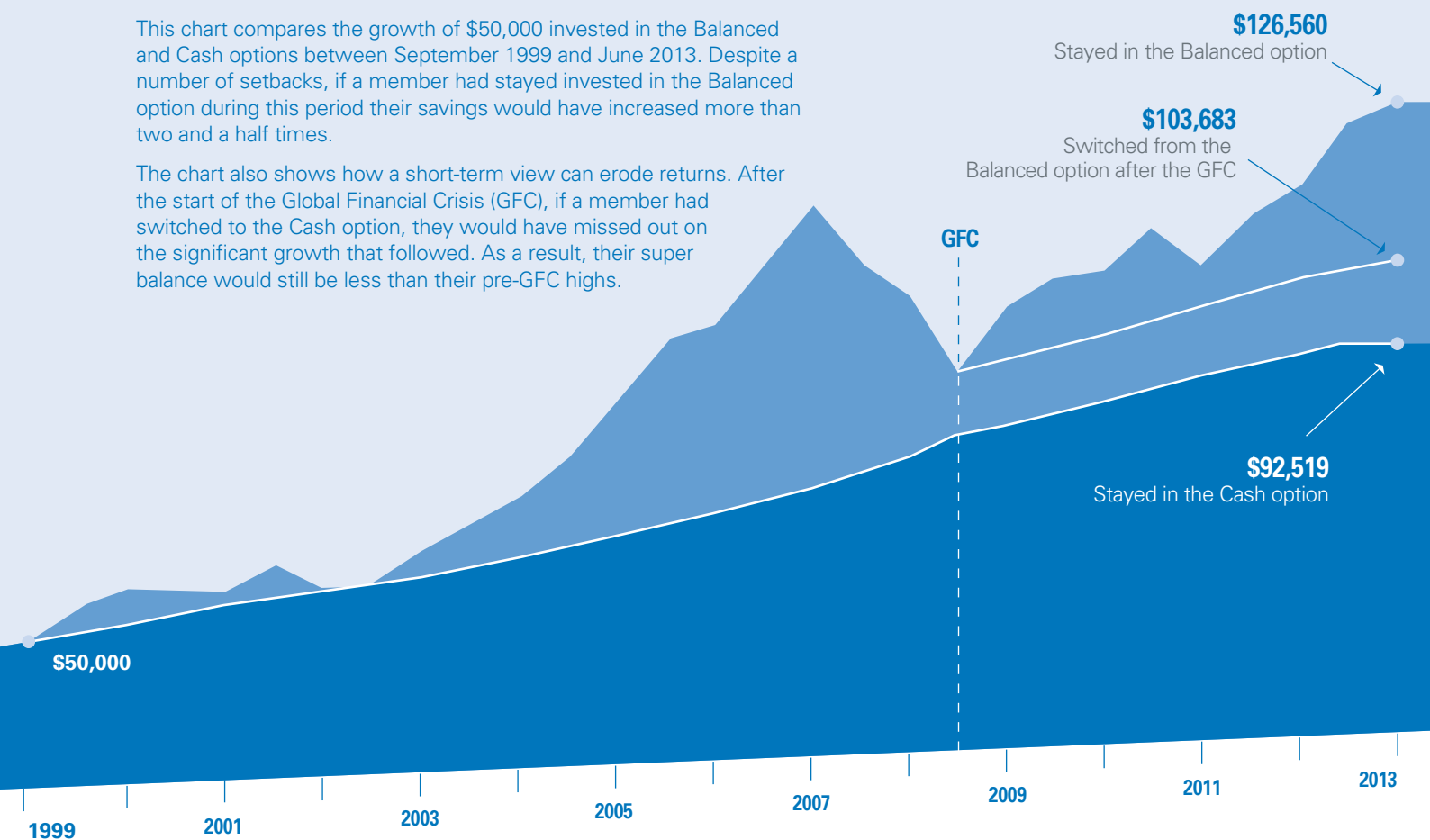
Over the last year we've appointed 28 investment professionals across a variety of roles in the investment management function. It is expected internal management will commence in Australian equities, infrastructure and property first, with other asset classes to follow progressively over the next three years.

Our recent recruits and existing investment team are experienced investment professionals. All bring a breadth and depth of investment knowledge to complement our external fund managers, who will continue to manage members' money in our hybrid investment model.

## HOW TAKING A SHORT-TERM VIEW CAN IMPACT ON YOUR SUPER

This chart compares the growth of \$50,000 invested in the Balanced and Cash options between September 1999 and June 2013. Despite a number of setbacks, if a member had stayed invested in the Balanced option during this period their savings would have increased more than two and a half times.

The chart also shows how a short-term view can erode returns. After the start of the Global Financial Crisis (GFC), if a member had switched to the Cash option, they would have missed out on the significant growth that followed. As a result, their super balance would still be less than their pre-GFC highs.



# INVESTMENT UPDATE

30 JUNE 2013

## A PICK-UP IN WORLD SHARE MARKETS HELPED LIFT RETURNS FOR AUSTRALIANSUPER MEMBERS FOR THE YEAR TO 30 JUNE 2013.

AustralianSuper's Balanced option returned 15.63% for the year ended 30 June 2013, against the median balanced fund return of 14.73%\*. The Balanced option has also consistently outperformed the median balanced fund over the longer term, returning an average of 7.64% per annum for the ten years to 30 June 2013, compared to the median fund return of 6.94% per annum.\*

AustralianSuper's Pension Balanced option also performed well for the year ended 30 June 2013, returning 17.17% compared to the median pension balanced fund return of 16.68%†. Over five years, the Pension Balanced option returned 5.09% per annum, compared to the median pension fund return of 4.60% per annum.†

## Share markets in developed regions performed strongly

Confidence grew in developed share markets as central banks in the United States, Europe and Japan injected more money into their economies to help them grow. Japan was the best performing market (Nikkei up 51.9%) over the year to 30 June 2013, with the US (S&P 500 up 20.6%), Germany (DAX up 24%) and Australia (S&P/ASX 300 up 21.9%) also performing well.

A falling Australian dollar helped boost international share returns even further. The Australian dollar fell 10.7% against the US dollar during the year to 30 June 2013.

## Emerging markets and Australian resources stocks struggled

The performance of emerging markets equities was disappointing, with slower economic growth expectations and banking sector issues in China adding to uncertainty. In Australia this had a negative impact on stocks in the resources sector, which substantially underperformed financial stocks.

## Infrastructure and property soldier on

AustralianSuper's infrastructure and direct property assets provided consistent returns to the portfolio across a range of market conditions and remain an important component of our long-term investment strategy. The recent commencement of a 99-year lease of Port Kembla and Port Botany demonstrates our long-term commitment to infrastructure as an asset class.

## Fixed interest returns decline

After reaching historically low levels, bond yields (interest rates) started to rise. As a result, fixed interest returns were lower in 2013.

## WHAT'S AHEAD?

The increase in share market volatility towards the end of the financial year was largely driven by US Federal Reserve announcements that it may start to taper quantitative easing as the US economy continues to improve. While this news led to rising bond yields and short-term volatility in share markets, it is a positive sign as it shows the US Federal Reserve has confidence that the US economy is strengthening, and will require less support going forward.

Global growth is expected to show some moderate improvement during the 2013/14 financial year, which should help share markets. The recent volatility provides an opportunity for us to increase our investments in global share markets, particularly developed markets, at lower prices.

We're expecting some volatility in emerging markets in the short to medium term as the region adjusts to slower economic growth in China. But to put this in perspective, China's economic growth of around 7.5% will still be more than double that of the rest of world.

Over the last few years falling interest rates have pushed up fixed interest returns. This is unlikely to continue as economies improve and bond yields rise. We've been reducing our investment in government bonds in favour of credit investments (corporate loans) and shorter-term securities.



**TIM POOLE**  
CHAIR OF AUSTRALIANSUPER'S  
INVESTMENT COMMITTEE

\* SR50 Balanced Index, SuperRatings Crediting Rate Survey, June 2013  
† SRP50 Balanced Index, Super Ratings Crediting Rate Survey, June 2013



## SUPER INVESTMENT PERFORMANCE TO 30 JUNE 2013

Investment Options	Size \$M	10 Years (pa %)		5 Years (pa %)		1 Year %	
		A'Super	B'Mark	A'Super	B'Mark	A'Super	B'Mark
PreMixed Options							
High Growth	2,961.1	7.42	6.78	3.28	3.50	17.27	17.11
Balanced	45,912.1	7.64	6.94	4.20	3.89	15.63	14.73
Sustainable Balanced	354.9	6.76	6.94	5.94	3.89	17.02	14.73
Indexed Diversified	21.2	–	–	–	–	13.12	14.73
Conservative Balanced	610.4	–	–	4.84	4.54	13.21	11.26
Stable	1,161.3	6.50	5.68	5.57	4.80	9.26	8.29
Capital Guaranteed	1,146.7	4.44	4.05	4.13	3.34	3.50	2.35

**DIY Mix Options**

Australian Shares	1,572.8	9.73	7.96	4.07	1.74	21.66	19.17
International Shares	351.5	4.48	3.04	3.01	2.12	23.83	25.84
International Shares – Hedged*	32.1	–	–	–	–	–	–
Australian Sustainable Shares	299.3	9.53	7.61	10.59	1.58	23.43	18.96
International Sustainable Shares	67.9	1.93	2.80	2.43	2.79	28.17	27.95
Property	289.1	6.31	7.61	1.28	2.53	5.78	7.35
Australian Fixed Interest	579.7	5.22	4.99	6.93	6.49	4.52	2.23
International Fixed Interest	73.2	5.04	5.97	4.16	6.99	3.57	3.52
Diversified Fixed Interest	1,259.3	6.36	5.44	8.04	6.81	5.97	3.05
Cash	2,175.2	4.71	4.44	4.42	3.75	3.19	2.71

The returns quoted are net of fees and tax. The 5-year and 10-year figures are average annual returns as at 30 June 2013. 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.

\* The International Shares - Hedged option returned 10.18% since inception on 1 October 2012. The benchmark return was 12.58% for the same period.

## PENSION INVESTMENT PERFORMANCE TO 30 JUNE 2013

Investment Options	Size \$M	5 Years (% pa)		1 Year (%)	
		A'Super	B'mark	A'Super	B'mark
PreMixed Option					
High Growth	125.9	4.07	4.27	19.12	19.45
Balanced	1,629.9	5.09	4.60	17.17	16.68
Sustainable Balanced	100.0	6.46	4.60	18.90	16.68
Indexed Diversified	11.8	–	–	15.77	16.68
Conservative Balanced	410.2	5.95	5.37	14.50	12.60
Stable	661.3	6.49	5.72	10.21	9.14
Capital Guaranteed	215.4	4.68	3.95	4.14	2.77

**DIY Mix Options**

Australian Shares	321.0	5.39	2.38	24.65	21.58
International Shares	59.9	3.29	2.49	27.75	29.43
International Shares – Hedged*	20.2	–	–	–	–
Australian Sustainable Shares	46.2	10.53	2.13	26.72	21.37
International Sustainable Shares	17.7	2.93	3.07	32.90	32.08
Property	78.7	1.20	3.06	6.70	8.26
Australian Fixed Interest	132.3	8.08	7.66	5.44	2.60
International Fixed Interest	12.7	4.55	8.22	4.20	4.12
Diversified Fixed Interest	498.6	9.31	7.99	7.01	3.54
Cash	679.8	4.85	4.36	3.73	3.19

The returns quoted are net of fees. The 5 year figures, where they appear, are average annual rolling returns as at 30 June 2013.

Investment returns are not guaranteed as all investments carry some risk. Past performance is no guarantee of future returns.

The Balanced option is the default option for AustralianSuper superannuation members. For AustralianSuper Pension members, the default option is the Balanced option until age 75, when the default becomes the Conservative Balanced option.

\* The International Shares - Hedged option returned 9.36% since inception on 1 October 2012.



### SUPER AND PENSION CREDITING RATES TO 30 JUNE 2013

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 account was invested in the investment option(s). The crediting rate is net of any investment management fees, expenses and other provisions, such as tax. Investment returns from relevant investment option(s) are applied to members' accounts effective 30 June each year or earlier if the account is moved between investment options, or when a member leaves AustralianSuper.

Investment options	2013 (%)		2012 (%)		2011 (%)		2010 (%)		2009 (%)	
	Super	Pension	Super	Pension	Super	Pension	Super	Pension	Super	Pension

#### PreMixed Options

High Growth	17.27	19.12	- 0.67	- 0.91	11.28	11.91	9.74	12.23	- 17.37	- 17.66
Balanced	15.63	17.17	0.98	1.49	10.27	11.00	10.06	11.92	- 13.30	- 13.23
Sustainable Balanced	17.02	18.90	1.89	2.02	9.35	9.86	11.67	15.19	- 8.34	- 10.90
Indexed Diversified	13.12	15.77	- 1.27	-	-	-	-	-	-	-
Conservative Balanced	13.21	14.50	2.78	3.27	10.57	10.59	9.71	11.61	- 10.24	- 8.53
Stable	9.26	10.21	4.86	5.91	8.66	8.81	8.63	10.94	- 3.01	- 2.79
Capital Guaranteed	3.50	4.14	4.87	5.77	4.76	5.73	3.11	3.37	4.41	4.42

#### DIY Mix Options

Australian Shares	21.66	24.65	- 4.58	- 5.22	11.73	12.89	13.34	16.18	- 16.96	- 16.09
International Shares	23.83	27.75	- 2.18	- 3.07	4.49	3.93	7.50	10.37	- 14.76	- 17.24
International Shares – Hedged	-	-	-	-	-	-	-	-	-	-
Australian Sustainable Shares	23.43	26.72	- 4.29	- 4.64	9.84	9.60	27.10	34.33	0.29	- 7.25
International Sustainable Shares	28.17	32.90	0.33	- 1.00	3.50	3.54	- 1.95	2.48	- 13.58	- 17.26
Property	5.78	6.70	7.12	7.97	9.14	9.99	1.85	3.10	- 15.41	- 18.76
Australian Fixed Interest	4.52	5.44	10.66	12.46	5.07	6.00	6.55	7.67	7.99	8.99
International Fixed Interest	3.57	4.20	10.45	10.05	5.62	5.20	6.28	7.91	- 4.55	- 4.02
Diversified Fixed Interest	5.97	7.01	12.07	14.24	7.94	9.14	9.83	11.36	4.57	5.06
Cash	3.19	3.73	4.33	5.06	4.39	5.41	4.22	4.21	6.00	5.85

Investment returns are not guaranteed as all investments carry some risk. Past performance is no guarantee of future returns.



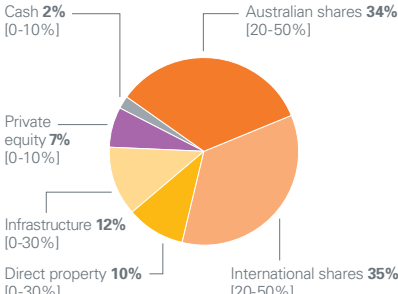
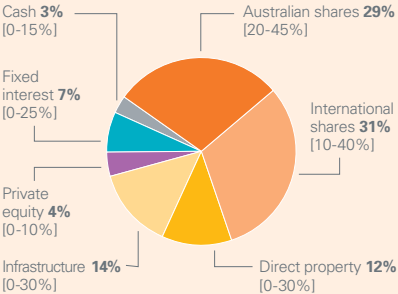
## INVESTMENT OPTIONS

EVERYONE HAS DIFFERENT  
FINANCIAL GOALS, SO  
WE OFFER A RANGE OF  
INVESTMENT OPTIONS,  
TO GIVE YOU PLENTY OF  
CHOICE WHEN INVESTING  
YOUR SUPER.



**THE FOLLOWING PAGES SHOW THE OBJECTIVES, INVESTMENT STRATEGY, RISKS AND POTENTIAL RANGES OF RETURNS FOR EACH OF AUSTRALIANSUPER'S INVESTMENT OPTIONS.**

The asset allocation ranges are the minimum and maximum amounts we invest in each asset class for each PreMixed option. Each year, we set a strategic asset allocation within these ranges based on our outlook for the economy and investment markets over the next 12 to 18 months. We will move towards or away from the strategic asset allocation (but keep within the ranges) during the year based on our outlook for each asset class.

PreMixed investment options																																	
High Growth	Balanced (MySuper option)																																
<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the median growth fund and an average annual return of CPI* + 5% over the long term.</p> <p>This option invests mainly in Australian and international shares, with smaller allocations to infrastructure, direct property and cash.</p> <p>This option is designed for members seeking strong long-term returns 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 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 shares, infrastructure and property than fixed interest and cash.</p> <p>This option is designed for members seeking medium to long-term growth who are willing to accept short-term fluctuations in returns.</p>																																
<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>Cash 2% [0-10%]</p> <p>Private equity 7% [0-10%]</p> <p>Infrastructure 12% [0-30%]</p> <p>Direct property 10% [0-30%]</p> <p>Australian shares 34% [20-50%]</p> <p>International shares 35% [20-50%]</p> <p>Plus Absolute return strategies [0-10%] Fixed interest [0-20%] Asset allocation ranges are shown in brackets</p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>Cash 3% [0-15%]</p> <p>Fixed interest 7% [0-25%]</p> <p>Private equity 4% [0-10%]</p> <p>Infrastructure 14% [0-30%]</p> <p>Direct property 12% [0-30%]</p> <p>Australian shares 29% [20-45%]</p> <p>International shares 31% [10-40%]</p> <p>Plus Absolute return strategies [0-10%] Asset allocation ranges are shown in brackets</p>																																
<p><b>Asset allocation at 30 June 2013</b></p> <table> <tr><td>Australian shares</td><td>34.8%</td></tr> <tr><td>International shares</td><td>38.0%</td></tr> <tr><td>Direct property</td><td>7.6%</td></tr> <tr><td>Private equity</td><td>7.1%</td></tr> <tr><td>Infrastructure</td><td>12.0%</td></tr> <tr><td>Absolute return</td><td>0.0%</td></tr> <tr><td>Global bonds</td><td>0.0%</td></tr> <tr><td>Cash</td><td>0.5%</td></tr> </table>	Australian shares	34.8%	International shares	38.0%	Direct property	7.6%	Private equity	7.1%	Infrastructure	12.0%	Absolute return	0.0%	Global bonds	0.0%	Cash	0.5%	<p><b>Asset allocation at 30 June 2013</b></p> <table> <tr><td>Australian shares</td><td>29.7%</td></tr> <tr><td>International shares</td><td>28.9%</td></tr> <tr><td>Direct property</td><td>8.5%</td></tr> <tr><td>Private equity</td><td>3.9%</td></tr> <tr><td>Infrastructure</td><td>12.3%</td></tr> <tr><td>Absolute return</td><td>0.2%</td></tr> <tr><td>Global bonds</td><td>11.5%</td></tr> <tr><td>Cash</td><td>4.9%</td></tr> </table>	Australian shares	29.7%	International shares	28.9%	Direct property	8.5%	Private equity	3.9%	Infrastructure	12.3%	Absolute return	0.2%	Global bonds	11.5%	Cash	4.9%
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\* 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 August 2013.

## PreMixed investment options (cont'd)

## Sustainable 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 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. We apply a 'best of sector' approach when selecting shares using various sustainable selection criteria. An additional overlay screens out investment in companies that manufacture tobacco products, land mines or cluster bombs.

This option is designed for members seeking medium to long-term growth who are willing to accept short-term fluctuations in returns.

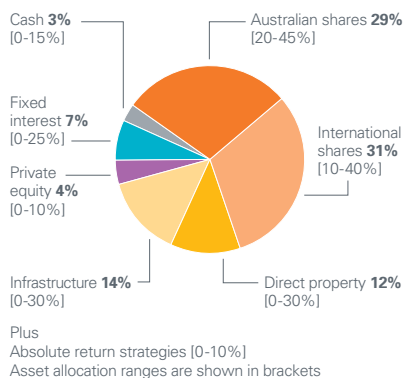
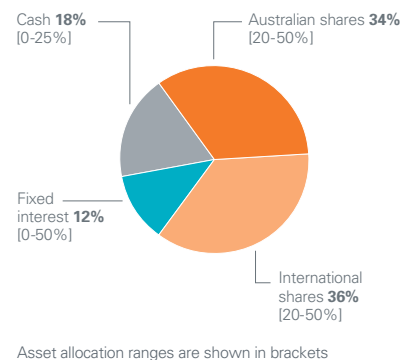
## Indexed Diversified

**Investment objectives**

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

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.

This option is designed for members who prefer an indexed investment approach, and who are seeking medium to long-term growth and are willing to accept short-term fluctuations in returns.

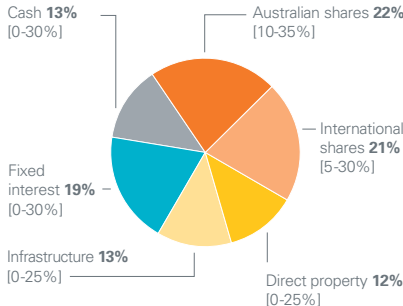
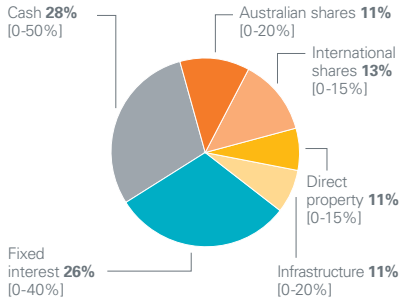
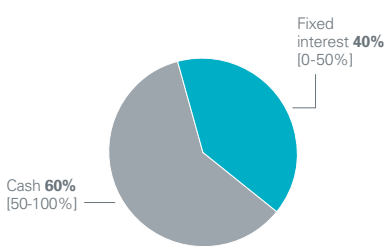
**Strategic asset allocation 2013/14<sup>†</sup>****Strategic asset allocation 2013/14<sup>†</sup>****Asset allocation at 30 June 2013**

Australian shares	28.6%
International shares	29.8%
Direct property	8.5%
Private equity	3.9%
Infrastructure	12.4%
Absolute return	0.2%
Global bonds	11.6%
Cash	4.9%

**Asset allocation at 30 June 2013**

Australian shares	34.3%
International shares	35.7%
Direct property	0.0%
Private equity	0.0%
Infrastructure	0.0%
Absolute return	0.0%
Global bonds	18.5%
Cash	11.5%

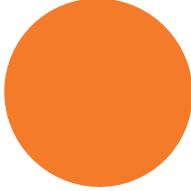
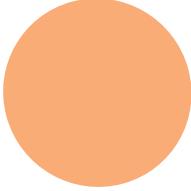


	Conservative Balanced	Stable	Capital Guaranteed																																														
	<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) the median conservative balanced fund and an annual average return of CPI* + 3% over the medium term.</p> <p>This option has a lower allocation to shares, direct property and infrastructure and a higher allocation to fixed interest and cash than the Balanced option.</p> <p>This option is designed for members seeking a balance between capital stability and capital growth over the medium term.</p>	<p><b>Investment objectives</b></p> <p>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.</p> <p>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.</p> <p>This option is designed for members who have a higher focus on capital stability than capital growth.</p>	<p><b>Investment objectives</b></p> <p>To guarantee a member's capital and outperform (after fees and tax) the return of the UBSA Bank Bill Index (adjusted for fees and tax) over the short term*.</p> <p>This option invests in fixed interest and cash. It's designed for members who want to protect their capital.</p> <p><small>* The Capital Guaranteed option invests through a life office capital guaranteed statutory fund under a policy issued by AMP. The terms of this policy have the effect that the original capital amount invested cannot reduce due to poor investment returns. This option uses reserves to smooth out investment returns and protect member's capital. Returns may be lower than cash management accounts if the investments perform poorly.</small></p>																																														
	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>Cash 13% [0-30%] Australian shares 22% [10-35%] International shares 21% [5-30%] Fixed interest 19% [0-30%] Infrastructure 13% [0-25%] Direct property 12% [0-25%]</p> <p>Plus Absolute return strategies [0-15%] Private equity [0-5%] Asset allocation ranges are shown in brackets</p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>Cash 28% [0-50%] Australian shares 11% [0-20%] International shares 13% [0-15%] Direct property 11% [0-15%] Infrastructure 11% [0-20%] Fixed interest 26% [0-40%]</p> <p>Plus Absolute return strategies [0-15%] Private equity [0-3%] Asset allocation ranges are shown in brackets</p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>Cash 60% [50-100%] Fixed interest 40% [0-50%]</p> <p>Asset allocation ranges are shown in brackets</p>																																														
	<p><b>Asset allocation at 30 June 2013</b></p> <table><tr><td>Australian shares</td><td>22.6%</td></tr><tr><td>International shares</td><td>22.1%</td></tr><tr><td>Direct property</td><td>7.4%</td></tr><tr><td>Private equity</td><td>0.0%</td></tr><tr><td>Infrastructure</td><td>12.0%</td></tr><tr><td>Absolute return</td><td>0.0%</td></tr><tr><td>Global bonds</td><td>21.5%</td></tr><tr><td>Cash</td><td>14.3%</td></tr></table>	Australian shares	22.6%	International shares	22.1%	Direct property	7.4%	Private equity	0.0%	Infrastructure	12.0%	Absolute return	0.0%	Global bonds	21.5%	Cash	14.3%	<p><b>Asset allocation at 30 June 2013</b></p> <table><tr><td>Australian shares</td><td>12.1%</td></tr><tr><td>International shares</td><td>12.9%</td></tr><tr><td>Direct property</td><td>7.4%</td></tr><tr><td>Private equity</td><td>0.0%</td></tr><tr><td>Infrastructure</td><td>7.5%</td></tr><tr><td>Absolute return</td><td>0.0%</td></tr><tr><td>Global bonds</td><td>30.6%</td></tr><tr><td>Cash</td><td>29.5%</td></tr></table>	Australian shares	12.1%	International shares	12.9%	Direct property	7.4%	Private equity	0.0%	Infrastructure	7.5%	Absolute return	0.0%	Global bonds	30.6%	Cash	29.5%	<p><b>Asset allocation at 30 June 2013</b></p> <table><tr><td>Australian shares</td><td>0.0%</td></tr><tr><td>International shares</td><td>0.0%</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>40.0%</td></tr><tr><td>Cash</td><td>60.0%</td></tr></table>	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%
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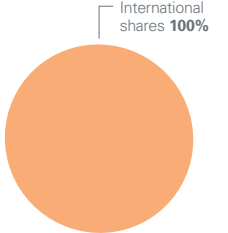
\* CPI stands for Consumer Price Index which is used as a measure of inflation.

<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. The strategic asset allocation shown is current at August 2013.

## 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 a wide range of companies listed on the Australian Securities Exchange.</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 MSCI World All Countries (ex Australia) Unhedged Index (adjusted for fees and tax).</p> <p>This option invests in a wide range of 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 MSCI World All Countries (ex Australia) Hedged Index (adjusted for fees and tax).</p> <p>Introduced 1 October 2012, this option invests in a wide range of companies listed on securities exchanges around the world, including developed and emerging markets.</p> <p>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 2013/14<sup>†</sup></b></p>  <p>Australian shares <b>100%</b></p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>International shares <b>100%</b></p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>International shares - Hedged <b>100%</b></p>



Australian Sustainable Shares	International Sustainable Shares	Property
<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 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. An additional overlay screens out investment in companies that manufacture tobacco products, land mines or cluster bombs. 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. An additional overlay screens out investment in companies that manufacture tobacco products, land mines or cluster bombs.</p> <p>Therefore 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>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 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. This option is designed for members seeking strong medium to long-term capital growth and lower volatility than shares.</p>
<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>Australian shares <b>100%</b></p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>International shares <b>100%</b></p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>Direct property <b>100%</b></p>

\*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. The strategic asset allocation shown is current at August 2013.

DIY Mix investment options (cont'd)		
Australian Fixed Interest	International Fixed Interest	
<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) an average annual return of CPI* + 1% over the short to medium term.<sup>‡</sup></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>This option is 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 outperform (after fees and tax) an average annual return of CPI* + 1% over the short to medium term.<sup>‡</sup></p> <p>This option invests 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 2013/14<sup>†</sup></b></p>  <p>Fixed interest 100%</p>	<p><b>Strategic asset allocation 2013/14<sup>†</sup></b></p>  <p>International fixed interest 100%</p>	



	Diversified Fixed Interest	Cash
	<p><b>Investment objectives</b></p> <p>To outperform (after fees and tax) an average annual return of CPI* + 1% over the short to medium term.†</p> <p>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.</p> <p>This option is designed for members seeking capital stability and higher returns than cash over the medium term.</p>	<p><b>Investment objectives</b></p> <p>To match (after fees and tax) the UBSA Bank Bill Index (adjusted for fees and tax) and outperform the annual return of CPI*.</p> <p>This option invests in short-term money market securities (such as term deposits) and some short-term bonds.</p> <p>This option is designed for members seeking stable returns above the official cash rate.</p>
	<p><b>Strategic asset allocation 2013/14†</b></p> <p>A pie chart divided into two equal halves. The left half is light blue and labeled 'International fixed interest 50% [0-100%]'. The right half is a darker blue and labeled 'Australian fixed interest 50% [0-100%]'.</p>	<p><b>Strategic asset allocation 2013/14†</b></p> <p>A pie chart that is a single solid grey circle, labeled 'Cash 100%'.</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 August 2013.

‡ Effective 1 November 2013.

## 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.

# OUR INVESTMENTS ARE GROWING

A large white Airbus A319 aircraft is shown on a tarmac. The aircraft is partially obscured by a large blue overlay that covers the left and top portions of the image. The tail of the aircraft is visible on the right, with the text 'AIRBUS A319' printed on it. The tarmac has yellow and green markings.

**AUSTRALIA IS ON THE MOVE, THANKS TO SMART INVESTMENT IN INFRASTRUCTURE.**

From airports and seaports to rail and roads, AustralianSuper is creating wealth for you through targeted investment in industry.

Our skilful investing practices, carefully considered funds management and long term planning mean the sustained and continued growth of your super.



**Michael 'Hoss' is an airport operations manager at Darwin Airport** and has been a member of AustralianSuper since 2011. With a 15 year-old daughter to care for, Hoss considers the Fund's insurance products sound investment for his peace of mind.



# INVESTMENTS AND INVESTMENT MANAGERS

30 JUNE 2013

## AUSTRALIANSUPER WORKS WITH A NUMBER OF EXTERNAL INVESTMENT MANAGERS.

The Fund looks for managers that complement AustralianSuper's internal investment resources. Consideration is also given to the manager's:

- › investment process
- › reputation and experience of its investment team
- › size and funds under management, and
- › structure and ownership.

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

- › investment managers that held customised mandates for AustralianSuper to invest on the Fund's behalf, and
- › investment managers that managed pooled trusts or funds on behalf of AustralianSuper and other institutional investors.

Please note: As at 30 June 2013 the following individual investments represented more than 5% of total fund assets: IFM ASX 300 Index Fund 12.0% and IFM Liquidity Trust 9.8%, as did the following combination of IFM investments: 31.3%.

Investments and Investment Managers		
	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Listed equity - Australia</b>		
Airlie Funds Management Pty Ltd	1,191,565	0
Alleron Investment Management Ltd	529,486	431,662
Alphinity Investment Management Pty Ltd	1,734,481	448,947
Antares Capital Partners Ltd	295,405	260,506
Ausbil Dexia Ltd	0	928,674
Avoca Investment Management Pty Ltd	374,224	0
Celeste Funds Management Ltd	140,477	104,975
Eley Griffiths Group Ltd	253,259	192,083
FIL Ltd	2,496,455	1,410,923
Goldman Sachs Asset Management Australia Pty Ltd	102,545	0
Industry Funds Management Pty Ltd	7,843,025	6,720,464
Member Direct	557,423	413,026
Northcape Capital Pty Ltd	287,764	302,664
Orion Asset Management Ltd	0	20,041
Paradice Investment Management Pty Ltd	133,897	116,102
Perpetual Investment Management Ltd	2,317,352	1,602,299
Tribeca Investment Partners Pty Ltd	272,801	0
Cash and sundry assets	128,799	1,014,549
<b>Total - listed equity - Australia</b>	<b>18,658,958</b>	<b>13,966,915</b>

*Table continues over*

	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Listed equity - International</b>		
Baillie Gifford Overseas Ltd	1,774,791	1,252,970
Dexia Sustainable Global Equity Fund	227,990	77,380
First State Investments International Ltd	507,506	404,422
Genesis Asset Managers LLP	1,554,470	1,028,537
Harding Loewner LP	1,373,525	689,449
Independent Franchise Partners LLP	1,331,588	933,418
Lazard Emerging Markets Equity Fund	51,885	0
LSV Asset Management	1,382,476	1,066,859
Marathon Asset Management Australia Ltd	0	1,101,831
MFS Institutional Advisors Inc	2,748,805	461,745
Orbis Global Equity Trust	1,251,955	789,740
Rare Infrastructure Ltd	0	1,138
Schroders Emerging Markets Fund	0	233
UBS Securities Australia Ltd	26,377	0
Vontobel Asset Management Inc	884,662	107,893
Wellington International Management Company Pte Ltd	0	369,711
Westwood Management Corp	211,647	0
Cash and sundry assets	3,049,317	267,108
<b>Total - listed equity - International</b>	<b>16,376,994</b>	<b>8,552,434</b>
<b>Private equity</b>		
AustralianSuper Investment Fund No. 3	650,687	401,349
AustralianSuper Private Equity Trust	564,873	473,775
Frontier Investment Consulting Pty Ltd	762	1,307
IFM Australian Private Equity Fund II	11,241	12,832
IFM Australian Private Equity Fund III	56,316	62,731
IFM Australian Private Equity Fund IV	232,341	163,767
IFM International Private Equity Fund I	141,963	132,126
IFM International Private Equity Fund II	34,455	42,699
IFM International Private Equity Fund III	117,273	80,576
Industry Super Holdings Pty Ltd	119,028	104,846
Members Equity Bank Pty Limited	232,946	185,774
Quay Australian Private Equity Fund IV	21,617	0
Superpartners Pty Ltd	41,106	81,579
Virtual Communities Pty Ltd	2,957	2,279
Cash and sundry assets	1,788	3,439
<b>Total - private equity</b>	<b>2,229,353</b>	<b>1,749,079</b>

	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Global bonds</b>		
AGL Energy Limited	131,945	0
Aquasure Finance	46,976	46,507
AustralianSuper Bonds Portfolio	585,106	517,189
BCA Mezzanine Debt Trust	2,395	2,852
Bentham Asset Management Pty Ltd	2,796,584	888,776
BlackRock Index Australian Government Bond Fund	0	246,718
Brandywine Global Investment Management LLC	1,305,872	727,894
Bridgewater Associates LP	779,283	698,080
Dampier to Bunbury Natural Gas Pipeline	140,162	99,494
DIF Capital Partners Senior Debt Trust	8	28
Fidante Partners	240,654	175,104
Hastings Yield Fund	4,524	0
IFM Alternative Fixed Income Fund	0	949,330
Industry Funds Management Pty Ltd	1,308,834	55,409
ITS Technology & Logistics Senior Term Loan	0	9,335
Loy Yang Power CPI Indexed Amortising Annuity Bonds	0	18,466
ME Bank Subordinated Debt	10,184	14,392
Perennial Investment Partners Ltd	766,784	563,498
Schroder Investment Management Ltd	767,403	563,026
SSGA International Fixed Interest Trust	81,041	74,110
The Super Loans Trust	271,819	325,353
Cash and sundry assets	87,966	767,237
<b>Total - global bonds</b>	<b>9,327,540</b>	<b>6,742,798</b>

Table continues over

	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Property</b>		
AMP Core Property Portfolio	59,316	343,597
AMP Select Property Portfolio No. 2	3,117	4,611
AMP Select Property Portfolio No. 3	5,438	5,923
Australian Prime Property Fund Retail	18,041	17,918
Australian Sustainable Forestry Investors 1 & 2	6,048	7,854
AustralianSuper Investment Fund No. 4	207,379	157,532
AustralianSuper Property Pty Ltd	56,367	57,745
Battye Street Unit Trust	120,068	27,317
Calibre Capital Real Estate Workout Fund No. 1	8,175	7,462
Charter Hall Core Plus Industrial Fund	4,904	6,653
Charter Hall Opportunity Fund No. 4	4,520	6,019
Charter Hall Opportunity Fund No. 5	21,482	51,915
Eureka Development Fund No. 2	320	1,801
FKP Core Plus Fund	0	1,515
FKP Core Plus Fund Two	0	4,038
Fortius Active Property Trust No. 1	136,712	99,918
Franklin International Real Estate Fund 2A	22,269	17,890
Gresham Property Mezzanine Fund No. 2	0	1,194
Hastings Hancock International Timberland Fund No.1	26,758	25,949
ISPT 50 Lonsdale Street Property Trust	96,986	95,386
ISPT Core Fund	2,660,256	2,293,799
ISPT Development and Opportunity Fund No. 1	36,869	41,188
ISPT Development and Opportunity Fund No. 2	89,599	78,936
ISPT Grosvenor International Property Trust	54,801	76,916
Macquarie Real Estate Equity Fund No. 2	0	160
Macquarie Real Estate Equity Fund No. 4	29	137
Macquarie Real Estate Equity Fund No. 5	0	2,789
Macquarie Real Estate Equity Fund No. 7	3,175	10,451
QIC Property Fund	1,148,898	985,574
Russell Global Property Fund No. 1	40,218	0
R M Williams Agricultural Holding Pty Ltd	0	333
Sustainable Agriculture Fund	41,598	41,296
Cash and sundry assets	47,687	72,480
<b>Total - property</b>	<b>4,921,030</b>	<b>4,546,296</b>

	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Infrastructure</b>		
AGL Energy Limited	0	52,918
AMP Infrastructure Equity Fund	0	9,760
AMP Social Infrastructure Fund	0	15,796
AS Infrastructure No 1 (Holding) Trust	549,218	0
AS Infrastructure No 1 (Operating) Pty Ltd	103,623	0
AustralianSuper Icon Parking No 1 Trust	10,337	10,874
AustralianSuper Icon Parking No 2 Trust	10,337	10,838
AustralianSuper Investment Fund	55,044	50,218
AustralianSuper Investment Fund No. 2	130,351	102,875
AustralianSuper Investment Fund No. 5	132,362	114,113
BAC HoldCo Pty Ltd	27,027	27,680
Brisbane Airport Trust	70,921	69,199
CFS Wholesale Infrastructure Fund	11,170	17,327
Gdansk Port Holdings S.a.r.l	13,778	12,413
Greensands Holdings Ltd	30,887	28,163
ICG Energy Infrastructure Trust	198,281	142,332
IFM Australian Infrastructure Fund	1,773,934	1,933,233
IFM Australian Infrastructure Wholesale Fund A	518,806	0
IFM Australian Infrastructure Wholesale Fund B	5,245	0
IFM International Infrastructure Fund	2,061,020	1,647,655
Macquarie Global Infrastructure Fund IIIB	5,726	5,311
Macquarie Global Infrastructure II	55,813	53,052
Melbourne Stadium Trust	18,750	22,019
Mindarie Investment Trust	4,950	12,089
Moto International Holdings Limited	24,606	22,116
Moto International Parent Limited	36,745	33,175
Perth Airport Development Group Ltd	122,142	102,250
Perth Airport Holdings Trust	116,692	0
Rowville Transmission Facility Pty Ltd	1,666	13,999
Utilities Trust of Australia	533,521	501,865
Cash and sundry assets	13,326	25,243
<b>Total - infrastructure</b>	<b>6,636,278</b>	<b>5,036,513</b>

Table continues over



	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Capital guaranteed</b>		
AMP Capital Guaranteed	1,362,513	1,249,298
<b>Total - capital guaranteed</b>	<b>1,362,513</b>	<b>1,249,298</b>
<b>Absolute return strategies</b>		
Blackrock Total Return	0	2,520
Bridgewater Pure Alpha Fund	48,787	42,440
Q-BLK ARS III - Institutional, Ltd	40,370	0
Cash and sundry assets	967	0
<b>Total - absolute return strategies</b>	<b>90,124</b>	<b>44,960</b>
<b>Cash</b>		
Citibank	0	38,675
Industry Funds Management Pty Ltd	6,395,210	4,598,077
Members Equity Bank	100,803	78,102
<b>Total - cash</b>	<b>6,496,013</b>	<b>4,714,854</b>
<b>Total - investments by manager and asset class</b>	<b>66,098,803</b>	<b>46,603,147</b>
<b>Net derivatives</b>	<b>(778,177)</b>	<b>170,558</b>
<b>Total</b>	<b>65,320,626</b>	<b>46,773,705</b>

## DERIVATIVES

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

# MAJOR SHAREHOLDINGS

30 JUNE 2013

## Top 20 Australian and international shareholdings at 30 June 2013

	% of portfolio
<b>Australian Shares</b>	
Commonwealth Bank	8.70%
BHP Billiton Ltd	8.39%
Westpac Banking Corp	7.52%
Aust and NZ Banking	6.90%
Telstra Corp Ltd	5.83%
National Australia Bank	5.19%
Woolworths Ltd	2.75%
CSL Ltd	2.21%
Rio Tinto Ltd	2.09%
Wesfarmers Ltd	2.04%
Suncorp Group Ltd	1.95%
Wesfarmers Ltd-PPS	1.65%
Westfield Group	1.52%
Oil Search Ltd	1.42%
Woodside Petroleum Ltd	1.39%
Insurance Australia	1.30%
Brambles Ltd	1.09%
Macquarie Group Ltd	1.05%
Goodman Group	1.05%
AMP Ltd	1.00%

## International Shares

Amazon.com Inc	United States	1.69%
Reckitt Benckiser Group	Great Britain	1.60%
Accenture PLC_CLA	Ireland	1.36%
Walt Disney Co/The	United States	1.33%
Google Inc-CI A	United States	1.25%
Nestle SA-REG	Switzerland	1.24%
Danone	France	1.21%
Honeywell International	United States	1.20%
Ebay Inc	United States	1.19%
Linde AG	Germany	1.13%
Tencent Holdings Ltd	China	1.12%
Visa Inc	United States	1.12%
Thermo Fisher Scientific Inc	United States	1.10%
United Parcel Service Inc	United States	1.02%
SabMiller PLC	Great Britain	1.01%
Diageo PLC	Great Britain	1.00%
Taiwan Semiconductor	Taiwan	0.96%
United Technologies	United States	0.96%
British American Tobacco	Great Britain	0.96%
Baidu Inc - Spon ADR	United States	0.94%

## 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 below detail our top 20 Australian and international share investments. These holdings are based on the value of each holding as a percentage of the Fund's Australian, international and international sustainable shares portfolios.

## Top 10 international sustainable shareholdings at 30 June 2013

	% of portfolio
<b>International Sustainable Shares</b>	
Danaher Corp.	2.30%
DIRECTV	1.84%
Amgen Inc.	1.70%
QUALCOMM Inc.	1.63%
Exxon Mobil Corp.	1.61%
Marriott International Inc.	1.53%
Procter & Gamble Co.	1.53%
Eli Lilly & Co.	1.51%
Yahoo! Inc.	1.49%
Tyco International Ltd.	1.48%

## Top 10 Australian sustainable shareholdings at 30 June 2013

	% of portfolio
<b>International Shares Sustainable Shares</b>	
BHP Billiton Limited	9.20%
Commonwealth Bank of Australia	8.79%
Telstra Corporation Limited	7.52%
Westpac Banking Corporation	7.43%
National Australia Bank Limited	6.64%
Resmed Inc (CDI-10CDI/1SHS)	6.49%
Australia and New Zealand Banking Group Limited	6.01%
Wesfarmers Limited	5.65%
Henderson Group PLC.	2.95%
Fonterra Shareholders Fund Units	2.79%

FOR A LIST OF AUSTRALIANSUPER'S TOP INVESTMENT HOLDINGS AT 30 JUNE 2013 GO TO

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

**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  
MONTHLY ON OUR WEBSITE

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

International equity country exposure at 30 June 2013					
Country	Actual weight	Benchmark weight	Country	Actual weight	Benchmark weight
<b>Asia</b>	<b>2.05%</b>	<b>1.80%</b>	<b>Other Markets</b>	<b>36.87%</b>	<b>11.84%</b>
Hong Kong	1.95%	1.14%	Argentina	0.03%	0.00%
New Zealand	0.00%	0.04%	Bermuda	0.16%	0.00%
Singapore	0.09%	0.62%	Brazil	3.21%	1.32%
			Cayman Islands	1.57%	0.00%
<b>Japan</b>	<b>1.47%</b>	<b>8.45%</b>	Chile	0.49%	0.22%
			China	5.33%	2.12%
<b>Europe</b>	<b>17.31%</b>	<b>15.89%</b>	Colombia	0.23%	0.14%
Austria	0.06%	0.10%	Cyprus	0.04%	0.00%
Belgium	0.38%	0.43%	Czech Republic	0.07%	0.03%
Denmark	0.52%	0.42%	Egypt	0.04%	0.03%
Europe Other	0.00%	0.00%	Hungary	0.28%	0.03%
Finland	0.00%	0.29%	India	5.20%	0.79%
France	5.02%	3.53%	Indonesia	0.92%	0.37%
Germany	1.75%	3.24%	Israel	0.12%	0.19%
Greece	0.00%	0.01%	Jordan	0.00%	0.00%
Ireland	1.53%	0.12%	Korea, Republic of	3.82%	1.70%
Italy	0.27%	0.74%	Luxembourg	0.09%	0.00%
Netherlands	1.91%	0.98%	Malaysia	1.14%	0.47%
Norway	0.00%	0.31%	Mexico	2.66%	0.63%
Portugal	0.00%	0.07%	Morocco	0.00%	0.01%
Spain	0.98%	1.06%	Nigeria	0.30%	0.00%
Sweden	1.23%	1.16%	Oman	0.03%	0.00%
Switzerland	3.67%	3.44%	Pakistan	0.01%	0.00%
			Peru	0.08%	0.05%
<b>United Kingdom</b>	<b>7.82%</b>	<b>8.11%</b>	Philippines	0.16%	0.12%
			Poland	0.38%	0.18%
<b>North America</b>	<b>34.49%</b>	<b>53.90%</b>	Qatar	0.00%	0.00%
Canada	1.32%	3.84%	Russian Federation	1.69%	0.67%
United States	33.17%	50.06%	Saudi Arabia	0.05%	0.00%
			South Africa	3.20%	0.84%
			Taiwan, Province Of China	3.03%	1.38%
			Thailand	1.51%	0.33%
			Turkey	1.00%	0.23%
			United Arab Emirates	0.00%	0.00%
			Virgin Islands, British	0.00%	0.00%
<b>Total</b>	<b>100%</b>	<b>100%</b>			



# ENVIRONMENTAL SOCIAL AND GOVERNANCE

ENVIRONMENTAL SOCIAL  
AND GOVERNANCE (ESG)  
CONSIDERATIONS PLAY  
AN INTEGRAL ROLE IN  
AUSTRALIANSUPER'S  
INVESTMENT PROCESS.

AustralianSuper recognises the trust of members, employers, stakeholders and the community must be earned by acting responsibly in all our dealings - and by seeking to continually improve in all we do.

**Tom works for global clean energy solutions provider Pacific Hydro** and recently returned from a stint working in South America. Tom's been a member since 2006, but it was only recently that he put all his super together. He and his wife have just bought their first home.

## HOW AUSTRALIANSUPER DEFINES ENVIRONMENTAL SOCIAL AND GOVERNANCE FACTORS IN RELATION TO INVESTMENTS

AustralianSuper's key priority is to maximise investment returns for our members. We believe companies that have good environmental, social and governance (ESG) performance are more likely to increase their value and therefore perform better over the longer term.

AustralianSuper considers that just as ESG evaluation can identify investment risks, it can also highlight long-term investment opportunities to benefit members.

ESG generally encompasses the following factors:

### Factor Definition

#### Environmental

The impact investments have on living natural systems, including ecosystems, biodiversity, natural resources, land, air and water.

#### Social

The impact investments have on social systems, including labour practices, human rights, society, community and product responsibility.

#### Governance

Includes a company's board composition, executive remuneration, risk management, disclosure, auditor appointment and business strategy development and oversight.

#### Environmental

AustralianSuper's investments can have an impact on the environment. We address those impacts in three main ways:

- › by investing in selected renewable resources such as renewable energy.
- › by engaging with fund managers and companies on ESG issues.
- › by providing members with sustainable investment options, where a member's contribution is invested in companies shown to be 'best of sector' in ESG performance.

For unlisted assets such as property and infrastructure we assess environmental risk as part of our due diligence and risk assessment processes, understanding that good environmental management reduces risk and enhances value.

Rather than excluding particular investments on the basis of their environmental performance, we weigh the risks and returns for that investment and, where we believe it is in the best interests of our members, we will invest. To improve performance on environmental matters in the companies in which we invest, we engage both directly and through our fund managers. We are also active in advocating an appropriate level of disclosure on environmental issues by all companies.

#### Climate change

AustralianSuper acknowledges that climate change can have a broad ranging impact on economies, financial markets and our investments over the long-term. Physical assets such as property and infrastructure may be affected, and if more severe weather conditions become more common, there could be an impact on the operations of many companies in which we invest. This has the potential to influence the longevity of assets and companies and their valuations.

In response to this, AustralianSuper is currently undertaking a climate risk assessment of the Fund's larger Australian infrastructure assets. The Fund is a member of the Investor Group on Climate Change (IGCC) and the Carbon Disclosure Project (CDP). We have also participated in the Asset Owners Disclosure Project global climate change study related to investment and have been ranked 10th in the most recent survey.

**Social**

The social issues of a company include the impact it has on the social systems around it, particularly when there are operations in many different countries with different labour laws to those enforced in Australia. Issues can include human rights, labour practices, and of course the impact of the products themselves.

Companies who don't follow best practice or have in place appropriate policies present a risk to investors not only from legal and operations issues but also a wider reputational risk. These social issues can impact on the long-term value of a company from an investment perspective. The main areas AustralianSuper focuses on include:

- › supply chain issues (e.g. the use of child labour)
- › labour and human rights
- › workplace health and safety
- › employee engagement and diversity
- › bribery and corruption.

**Governance**

Good corporate governance is essential to safeguard the interest of shareholders. AustralianSuper also believes that companies with a genuine commitment to effective corporate governance are better positioned to anticipate and respond to the changing economic, environmental, social and political conditions that impact them. A well-governed company seeks to maximise its long-term shareholder value and is mindful of its position in society.

**THINK GLOBALLY AND ACT LOCALLY**

The greatest impact AustralianSuper makes on ESG considerations is through our role as an active investor and our investment governance processes. But we also take our ESG responsibilities seriously in the day to day running of our business. As a medium sized organisation with more than 200 staff around Australia, the AustralianSuper Trustee office supports local manufacturers and reduces its carbon footprint where possible through the following initiatives:

- › supporting Australian manufacturing, through our fleet policy.
- › choosing carbon neutral consumables, as part of our tenancy agreements, and
- › employing strong recycling processes.



# SOCIALLY RESPONSIBLE SHAREHOLDING

**OUR ACTIVE INVESTOR AND SHARE VOTING POLICIES ARE AIMED AT INCREASING THE DIRECT VISIBILITY OF OUR ROLE AS THE BENEFICIAL OWNER OF MEMBERS' CAPITAL.**

Our fiduciary approach allows us to influence macro economic, environmental and social impacts of large corporations. AustralianSuper takes our fiduciary role very seriously and has a dedicated investment governance team, which is responsible for serving the investment needs of and, where possible, investing in a way to advance greater social, environmental and economic efforts.

## Socially responsible investments

Three of AustralianSuper's investment options contain socially responsible investments:

- › Australian Sustainable Shares
- › International Sustainable Shares, and
- › Sustainable Balanced.

The Australian shares portfolio is managed by Perpetual Investments Ltd, while the International shares portfolio is managed through the Dexia Sustainable Global Equity Fund.

Sustainable investments		
	\$ Assets	% Total
Perpetual Investment Management Ltd	462,209,000	0.71 %
Dexia Sustainable Global Equity Fund	227,990,000	0.35 %
<b>Total Investment Portfolio</b>	<b>65,320,626,000</b>	<b>100%</b>

## SHARE VOTING POLICY

As a major institutional investor, AustralianSuper votes on matters relating to listed ASX 200 companies, as well as 500 global companies. Our aim is to vote on shareholder resolution items to ensure companies are well managed and they focus on long-term value creation. These matters include:

- › 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, and
- › resolutions proposed by shareholders rather than by the Board.

As a general guide, we support the Australian Council of Super Investors (ACSI) Corporate Governance Guidelines and subscribe to their proxy voting advice service for domestic listed companies. We take an alternative position to that recommended by ACSI where we believe it to be in the interests of our 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.

We subscribe to the Glass Lewis international proxy voting service for 500 international companies and votes are cast according to our share voting policy.

## AUSTRALIANSUPER SHARE VOTING GUIDELINES

AustralianSuper has developed guidelines to assist in its voting decisions. We engage earlier and have deeper dialogue with companies to create better long-term outcomes for members.

Our 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)



**Lalitha works in Australian television and has been a member of AustralianSuper since 2006.** After seeing a financial adviser, she decided to put her super together. Her focus now? To build her dream home and travel to great destinations like Darwin's Mindil Markets.





# INVESTING FOR GREATER DIVERSITY

**AUSTRALIA IS HOME TO ALMOST 23  
MILLION PEOPLE WHO COME FROM ALL  
WALKS OF LIFE AND ALL PARTS OF THE  
WORLD. NOT ONLY DOES BEING PART  
OF THIS DIVERSE MOSAIC ENRICH OUR  
EXPERIENCES AS HUMANS – IT PROVIDES  
US WITH A WEALTH OF INSIGHT.**

At AustralianSuper we recognise that diversity  
is also a vital key to successful investing.  
That's why we deliver an extensive range  
of internal and external investment options,  
to enrich your super over the long term.



# THANK YOU, ELANA



*Elana Rubin at the 'Lost Super' brand activation in Melbourne in 2012.*

## **SPANNING A CONNECTION OF MORE THAN 20 YEARS, ELANA RUBIN WAS AN INSPIRATIONAL LEADER OF THE FUND SINCE SHE BECAME CHAIR IN 2007.**

After seven years on the Board of AustralianSuper - six as Chair - Elana Rubin stepped down in April 2013. During that time, AustralianSuper has been a consistently strong investment performer, membership has grown by 58% and members' assets have grown by 110%. AustralianSuper has won a number of industry awards through that period and is currently the Super Fund of the Year as separately judged by Chant West, Money Magazine and SuperRatings and the most trusted superannuation fund in Australia, as judged by Readers Digest in July 2013.

Elana became a Director of AustralianSuper in 2006 and was previously a Director of the Australian Retirement Fund (ARF) from 1992 to 2006. Her work touched all aspects of our operations and Elana served on all Committees of the Fund and chaired many of them.

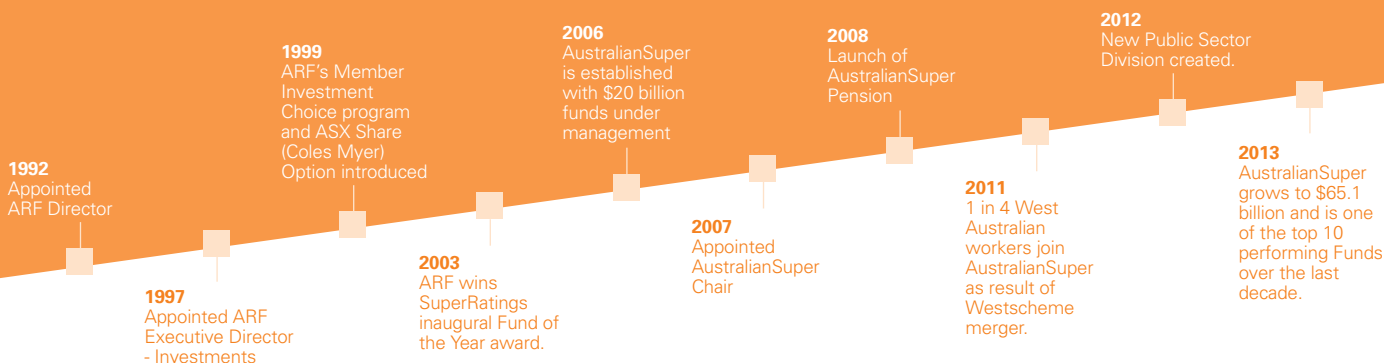
As well as her role as a Director, Elana was also an AustralianSuper nominated Director on the Board of Industry Super Property Trust (an unlisted property trust with \$8 billion in assets) for fifteen years to 2012 and was Deputy Chair for five of those years.

### **Driving strong investment performance**

Elana was a strong advocate for the Fund's investment in infrastructure and property, and the development of the Member Direct investment option. She also led the decision to build a leading internal investment management capability. Elana was also a member of the Fund's recently formed Asia Advisory Committee, recognising the importance of the Asian region as a key driver for AustralianSuper to deliver strong investment returns to members.

As Chair of AustralianSuper, Elana helped build the Fund into a top performer over the past decade and worked to improve the retirement outcomes of millions of working Australians. On behalf of the Board and the Fund, we thank Elana for her commitment to AustralianSuper.

## **ELANA'S DRIVE AND INSIGHT HELPED CREATE THE FUND YOU SEE TODAY.**



# THE AUSTRALIANSUPER BOARD

## THE AUSTRALIANSUPER BOARD PLAYS A KEY ROLE IN OVERSEEING THE FUND AND ENSURING IT OPERATES EFFICIENTLY, ETHICALLY AND IN THE BEST INTERESTS OF MEMBERS.

Heather Ridout, an AustralianSuper Director since 2007, took over as Chair in April 2013, following Elana Rubin's decision to step down. Heather is a serving Member of the Board of the Reserve Bank of Australia and is also a Director of Sims Metal Management Ltd and ASX Ltd.

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.

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

At present the Board comprises five member representatives, five employer representatives and one independent director.

The Terms of Reference adopted by the Board was reviewed and amended as at 30 June 2013. The Board 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/framework pursuant to APRA Prudential Standards
- › 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 Master Custodians
- › the Corporate Governance policy for investments
- › approval of the Annual Budget
- › approval of the Reserves policy
- › 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, and
- › nominations to external Boards.

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

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

## DELEGATION TO MANAGEMENT

Day-to-day management of the Fund'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.

A MAJOR CHANGE TO THE BOARD OCCURRED DURING 2012/13 WHEN ELANA RUBIN RESIGNED AND FELLOW AUSTRALIANSUPER DIRECTOR, HEATHER RIDOUT, TOOK OVER AS CHAIR IN APRIL 2013.

Read more about the Board and their terms of reference at [www.australiansuper.com/Board](http://www.australiansuper.com/Board) or by calling 1300 300 273.

# AUSTRALIANSUPER'S DIRECTORS



**HEATHER RIDOUT (AO)**  
BEC (Hons)  
**CHAIR**

Heather Ridout is an Employer Director appointed by the Ai Group. She joined the AustralianSuper Board in 2007 and was appointed Chair in 2013.

Heather is a Reserve Bank Board member with a long history as a leading figure in the public policy debate in Australia. She is a Director of Sims Metal Management - the world's largest publicly listed recycling company.

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.

Up until 30 April 2012, Heather was Chief Executive of the Australian Industry Group - a major, national employer organisation representing a cross section of industry including manufacturing, construction, defence, information and communications technology and labour hire.

In June 2013, Heather was appointed an Officer of the Order of Australia (AO) for her service to Australian industry.



**PAUL HOWES**  
**DEPUTY CHAIR**

Paul Howes is a Member Director appointed by the Australian Council of Trade Unions (ACTU). He joined the AustralianSuper Board in 2007 and was appointed Deputy Chair in 2013. Paul 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 IndustriALL Global Union. He is a director of the Chifley Research Centre, the McKell Institute, the Manufacturing Leaders Group and serves on a number of other Government boards and committees.



**LUCIO DI BARTOLOMEO**  
BEng/MEngSc  
**EMPLOYER DIRECTOR**

Lucio Di Bartolomeo is an Employer Director appointed by the Ai Group. He joined the AustralianSuper Board in 2008. He is Chair of Macquarie Generation and a non-executive Director of Downer EDI, Australian Rail Track Corporation and the National President of the Ai Group.

Lucio's previous experience includes Managing Director of ADI Limited and Country Director of Thales Australia. Lucio has held several senior positions within the transport industry including Managing Director of FreightCorp and President of the Australasian Railway Association. He is a qualified civil engineer and has a Master's degree in Engineering Science.



**PAUL BASTIAN**  
LLB  
**MEMBER DIRECTOR**

Paul Bastian is a Member Director appointed by the ACTU. He joined the AustralianSuper Board in 2013. A Shipwright by trade, Paul was appointed Acting National Secretary of the Australian Manufacturing Workers' Union (AMWU) in March 2012, having previously held the position of National President since December 2009.

From 1997 until December 2009, Paul was State Secretary of the AMWU NSW Branch. Paul holds a Law Degree from the University of Technology, Sydney.



**BRIAN DALEY**  
BMath  
**MEMBER DIRECTOR**

Brian Daley is a Member Director appointed by the ACTU. He joined AustralianSuper's Board in July 2006 and was previously a Director of ARF. 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.





**JOHN INGRAM (AM)**  
FCPA  
**EMPLOYER DIRECTOR**

John Ingram was one of the founding Employer Directors appointed by the Ai Group. He joined AustralianSuper's Board in 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).

In 2008, John was appointed a Member of the Order of Australia.



**DAVE OLIVER**  
**MEMBER DIRECTOR**

Dave Oliver is a Member Director appointed by the ACTU. He joined AustralianSuper's Board in July 2007. He was elected Secretary of the ACTU that 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.



**GEMMA PINNELL**  
BA (Hons)/MA (Appl Comms)  
**MEMBER DIRECTOR**

Gemma Pinnell is a Member Director appointed by the ACTU. She joined AustralianSuper's Board in 2013. She is currently the Special Projects & Human Resources Manager at the Australian Council of Trade Unions (ACTU) where she has worked since 2006, and is responsible for overseeing a range of strategic functions.

She is also a Director of ACTU Member Connect and has been a Director of Industry Fund Services. She holds an Honours degree in Women's Studies & Politics from Monash University and a Masters in Applied Communications from RMIT.



**TIM POOLE**  
BCom, CPA  
**INDEPENDENT DIRECTOR**

Tim Poole is an Independent Director appointed jointly by the Ai Group and the ACTU. He joined AustralianSuper's Board, and became Chair of the AustralianSuper Investment Committee in 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.



**ALISON TERRY**  
BEc/LLB(Hons) GradDipAcc  
**EMPLOYER DIRECTOR**

Alison Terry is an Employer Director appointed by the Ai Group. She 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 the former 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**  
BCom FAIST  
**EMPLOYER DIRECTOR**

Grahame Willis is an Employer Director appointed by the Ai Group. He joined AustralianSuper's Board on 1 July 2006 and Grahame was an Employer Director of STA from 1988. 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.

## Board and Committee member attendance at meetings Year ending 30 June 2013

Director	Full meetings of Directors*		Audit Compliance and Risk Management		Budget Review		Investment		Member and Employer Services		Nomination and Remuneration	
	A	B	A	B	A	B	A	B	A	B	A	B
Paul Bastian	2	3	–	1	–	–	–	–	–	–	–	–
Brian Daley	5	7	–	–	–	–	10	11	3	4	–	–
Lucio Di Bartolomeo	7	7	–	–	–	–	–	–	4	4	–	–
Paul Howes	6	7	1	2	3	3	–	–	4	4	1	1
John Ingram	7	7	4	5	3	3	5	5	2	2	4	4
Geoff Lawrence	2	4	–	–	–	–	–	–	–	–	–	3
Simone McGurk	3	4	–	–	–	–	–	–	–	–	–	–
Dave Oliver	6	7	–	–	1	2	–	–	–	–	2	2
Gemma Pinnell	3	3	–	–	–	–	–	–	–	–	–	–
Tim Poole	5	7	–	–	–	–	11	11	–	–	–	–
Heather Ridout	7	7	–	–	–	–	–	–	2	2	4	4
Elana Rubin	4	4	–	–	1	1	7	8	3	3	2	3
Alison Terry	7	7	5	5	–	–	–	–	–	–	–	–
Grahame Willis	7	7	5	5	3	3	–	–	–	–	–	–
<b>Alternate Director</b>												
Nixon Apple	–	–	–	–	–	–	11	11	–	–	–	–
Mark Boyd	–	–	–	–	–	–	–	–	–	–	–	–
Peter Burn	–	–	–	–	–	–	10	11	–	–	–	–
Leon Carter	–	–	–	–	–	–	–	–	–	–	–	–
Liam O'Brien	1	–	5	5	–	–	–	–	–	–	–	–
Michelle O'Neil	–	–	–	–	–	–	–	–	–	–	–	–
George Stamas	–	–	–	–	–	–	–	–	4	4	–	–
David Whiteley	–	–	4	5	–	–	–	–	–	–	–	–
Innes Willox	–	–	–	–	–	–	–	–	–	–	–	–
<b>Non-Director Committee member</b>												
Geoff Ashton	–	–	–	–	–	–	4	6	–	–	–	–
Mike Nicolaides	–	–	–	–	–	–	–	–	4	4	–	–

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.

\* includes a strategy planning day.

## 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 corporate 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)

# 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.

## **Investment Committee**

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

## **Member and Employer Services Committee**

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

## **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.

## **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.

## **During this year**

- › Mr P Howes resigned from the Audit, Compliance and Risk Management Committee on 12 November 2012 and Mr J Ingram resigned as Chair and member of the Member and Employer Services Committee. On 11 December 2012, Mr J Ingram joined the Investment Committee and Mr G Ashton resigned from the Investment Committee.
- › Ms H Ridout joined the Member and Employer Services Committee on 4 February 2013 and Mr I Willox was appointed an Alternate Director on 26 February 2013. On 28 February 2013, Mr J Ingram became Chair of the Nomination and Remuneration committee.
- › On 19 March 2013, Ms S McGurk resigned from the Board and Mr L Carter resigned as an Alternate Director.
- › Mr J Lawrence resigned from the Board and the Nomination and Remuneration Committee and Ms M O'Neill resigned as an Alternate Director on 4 April 2013.
- › Ms E Rubin resigned from the Board as Director and Chair and resigned as member of the Member and Employer Services, Investment, Budget Review and Nomination and Remuneration Committees on 5 April 2013.
- › Ms H Ridout was appointed Chair of the Board, Mr P Howes was appointed Deputy Chair of the Board, Mr P Bastian joined the Board and the Audit, Compliance and Risk Management Committee on 5 April 2013. Ms G Pinnell joined the Board, Mr J Lawrence resigned from the Nomination and Remuneration Committee, Mr P Howes joined the Nomination and Remuneration Committee, Mr D Oliver joined the Nomination and Remuneration and Budget Review Committees and Mr D Whiteley resigned as an Alternate Director on 5 April 2013, and member of the Audit, Compliance and Risk Management Committee on 30 June 2013.
- › Mr P Burn resigned as an Alternate Director on 25 June 2013 and Mr T Poole became an independent Director on 25 June 2013.
- › Mr B Crofts was appointed an Alternate Director and joined the Investment, Audit, Compliance, and Risk Management Committees on 27 August 2013. Mr L Carter and Ms M O'Neill were reappointed as Alternate Directors on 27 August 2013.

## **Board and Committee membership as at 31 August 2013**

<b>Audit, Compliance and Risk Management</b>	<b>Budget Review</b>	<b>Investment</b>	<b>Member and Employer Services</b>	<b>Nomination and Remuneration</b>
<b>Grahame Willis (Chair)</b>	<b>John Ingram (Chair)</b>	<b>Tim Poole (Chair)</b>	<b>Paul Howes (Chair)</b>	<b>John Ingram (Chair)</b>
Paul Bastian	Paul Howes	Nixon Apple	Brian Daley	Paul Howes
Brad Crofts	Dave Oliver	Peter Burn	Lucio Di Bartolomeo	Dave Oliver
John Ingram	Grahame Willis	Brad Crofts	Mike Nicolaides	Heather Ridout
Liam O'Brien		Brian Daley	Heather Ridout	
Alison Terry		John Ingram	George Stamas	



# RESPONSIBLE DECISION MAKING

**AUSTRALIANSUPER RECOGNISES THAT THE TRUST PLACED IN US BY MEMBERS, EMPLOYERS, STAKEHOLDERS IS FOUNDED UPON ACTING RESPONSIBLY IN OUR DEALINGS.**

AustralianSuper's Code of Conduct sets out values that maintain the trust and confidence to manage the retirement savings of more than two million working Australians. The Code of Conduct sets out standards of behaviour that apply to AustralianSuper staff including:

## **Conflicts of interest**

AustralianSuper has a conflicts of interest framework, which provides best practice guidance to recognise and manage conflicts of interest and to comply with AustralianSuper's confidentiality policy.

## **Safeguard integrity in financial reporting**

AustralianSuper has a dedicated Audit, Compliance and Risk Management Committee to ensure the integrity of the financial reporting process. External auditors are selected by the Board in accordance with a formal policy, which requires external auditors to declare their independence to the Committee.

## **Recognise and manage risk**

The Board recognises that risk management is a whole-of-business responsibility which needs to be embedded across the Fund's operations. AustralianSuper adopts the requirements of the international standard on risk management (ISO 31000) in conducting risk management practices on a day to day basis.

## **Corporate responsibility and sustainability**

AustralianSuper conducts itself in a responsible, trustworthy and ethical manner and is committed to transparency and fair dealing in all of our operations.

## **Related parties**

AustralianSuper will enter into contracts 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, and
- › right of AustralianSuper to pursue its interests in the normal course of business is fully protected.

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

## **Ownership of AustralianSuper Pty Ltd (the Trustee)**

The shareholders of AustralianSuper are 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 and other unions.

## **Key service providers as at 30 June 2013**

Service provided	Provider
Actuary	The Heron Partnership Pty Ltd
Administrators	Superpartners Pty Ltd, Mercer (Australia) Pty Ltd, UBS Securities Australia Limited
Bank	National Australia Bank
Custodians	JP Morgan Chase & Co, Superpartners Pty Ltd (bank accounts)
External auditor	KPMG
Group life insurer	TAL Limited and Metlife Insurance Limited
Internal auditor	PwC
Investment Managers	See page 32
Legal advisers	Holding Redlich, Madgwicks Lawyers, Mills Oakley, Henry Davis York, IFS Legal Pty Ltd
Principal investment advisers	JANA Investment Advisors Pty Ltd, Frontier Advisors Pty Ltd
Tax adviser	KPMG

RELATED PARTY DISCLOSURES  
ARE CONTAINED IN THE  
FUND'S AUDITED FINANCIAL  
STATEMENTS AVAILABLE EARLY  
NOVEMBER 2013 AT

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

# REMUNERATION

## AUSTRALIANSUPER ENGAGES QUALIFIED AND EXPERIENCED STAFF TO DELIVER QUALITY BENEFITS AND SERVICES TO MEMBERS.

The information included within the Annual Report is a summary of the remuneration practices for AustralianSuper.

Our remuneration practices are designed to help 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, and
- › reflect the members-first orientation of the Fund.

AustralianSuper's 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.

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

- › fees to be paid to Directors, Alternate Directors and Non-Director Committee Members (Directors)
- › major changes to conditions of employment for staff (including Enterprise Agreement negotiations)
- › framework of management and staff remuneration, and
- › remuneration of the Chief Executive and the other members of the Executive Team.

### Directors' remuneration

Directors are remunerated for their work, having due regard to their specific responsibilities and the nature and objectives of the Fund. The fees are reviewed with effect from 1 July each year.

Directors' remuneration				
Fees for 1 July 2012 to 30 June 2013	Board Chair	Board Deputy Chair	Director / Non-Director Committee Members	Independent Director
<b>Board</b>	\$89,300	\$50,100	\$26,300	\$26,300
<b>Investment Committee</b>				
Chair (if not Chair/Deputy Chair)	-	-	\$83,000	-
Member	\$22,400	\$22,400	\$29,700	\$48,000
<b>Member and Employer Services Committee</b>				
Chair (if not Chair/Deputy Chair)	-	-	\$33,700	-
Member	\$8,000	\$8,000	\$10,500	-
<b>Audit, Compliance and Risk Management Committee</b>				
Chair (if not Chair/Deputy Chair)	-	-	\$33,700	-
Member	\$9,600	\$9,600	\$14,500	-
<b>Budget Review Committee</b>				
Chair (if not Chair/Deputy Chair)	-	-	\$7,300	-
Member	\$4,800	\$4,800	\$7,300	-
<b>Nomination and Remuneration Committee</b>				
Chair (if not Chair/Deputy Chair)	-	-	\$8,900	-
Member	\$6,400	\$6,400	\$8,900	-

The Board Chair and Board Deputy Chair receive the Member fee if they are the Chair of a Committee.

A per meeting fee of \$1,600 is paid for attendance at meetings of any sub-committees formed by the Board, and not for the above Committees, and to Alternate Directors who attend Board or Committee meetings in that capacity.

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

Directors' remuneration				
1 July 2012 to 30 June 2013	Short-term benefits		Post employment benefits	Total
	Cash fees	Non-monetary benefits	Superannuation	
<b>Directors</b>				
P. Bastian * <sup>3</sup>	\$9,752		\$902	\$10,654
L. Di Bartolomeo †	\$36,800		\$3,335	\$40,135
B. Daley * <sup>4</sup>	\$69,700		\$6,315	\$76,015
P. Howes * <sup>6</sup>	\$64,599		\$5,857	\$70,456
J. Ingram †	\$89,719		\$8,129	\$97,848
J. Lawrence †	\$26,787		\$2,412	\$29,199
S. McGurk * <sup>5</sup>	\$49,712		\$4,474	\$54,186
D. Oliver * <sup>1</sup>	\$30,270		\$2,751	\$33,020
G. Pinnell * <sup>1</sup>	\$6,286		\$581	\$6,867
T. Poole †	\$109,300		\$9,905	\$119,205
H. Ridout †	\$53,752		\$4,906	\$58,658
E. Rubin †	\$104,773	\$23,007	\$9,434	\$137,214
A. Terry †	\$40,800		\$3,698	\$44,498
G. Willis †	\$78,500		\$7,127	\$85,627
<b>Alternate Directors</b>				
N. Apple * <sup>3</sup>	\$29,700		\$2,692	\$32,392
P. Burn * <sup>2</sup>	\$29,700		\$2,692	\$32,392
L. O'Brien * <sup>6</sup>	\$16,100		\$1,458	\$17,558
G. Stamas †	\$10,500		\$952	\$11,452
D. Whiteley * <sup>1</sup>	\$14,500		\$1,314	\$15,814
<b>Non-Director Committee Members</b>				
G. Ashton †	\$24,000		\$2,160	\$26,160
M. Nicolaidis * <sup>3</sup>	\$10,500		\$952	\$11,452

The following Alternate Directors did not receive any compensation during the year ended 30 June 2013:  
M. Boyd, I. Willox, L. Carter, M. O'Neil.

\* Indicates the payment was made to the employer.

† Indicates the payment was made to the individual.

1. These fees are paid to the Australian Council of Trade Unions.
2. These fees are paid to the Australian Industry Group.
3. These fees are paid to the Australian Manufacturing Workers' Union.
4. These fees are paid to United Voice.
5. These fees are paid to Trades & Labour Council of WA.
6. These fees are paid to the Australian Workers' Union.
7. All superannuation amounts are paid to the Director, Alternate Director and Non-Director Committee members' superannuation fund.

### Executive remuneration

Managers are employed under open-ended contracts. 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 with the relevant skills and experience in the industry, and to remuneration levels in the Fund and the relevant market.

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

- a. the investment performance of the Balanced option (accumulation) and, where relevant, the internally managed sector or asset class; 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 of the SuperRatings SR50 Median Balanced Option
- d. where relevant, the relative performance of the individually managed sector or asset class, and
- e. the participant achieves an individual performance rating of at least 'Effective'.

The Investment Performance Payment Plan is based on:

- i. Non-internal investment management staff:
  - a. investment performance of the Fund weighted at 70%; and
  - b. assessment of performance of the individual weighted at 30%.
- ii. Internal investment management staff:
  - a. investment performance of the Fund weighted at 30%;
  - b. investment performance of the relevant sector or asset class weighted at 50%; and
  - c. assessment of performance of the individual weighted at 20%.

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 maximum payment available under the performance payment plan is 40% (60% in the case of 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.

### Performance of the Fund in 2012/13 in relation to the Investment Performance Payment Plan

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	2.5%	15.63%	Achieved
Investment performance of the AustralianSuper Balanced option is above that of the median Balanced fund in the relevant SuperRatings SR50 survey	14.73%	15.63%	Achieved



Executive remuneration at 30 June 2013						
	Salary	Superannuation	Fixed remuneration <sup>(A)</sup>	Performance payment <sup>(B)</sup>	Non- monetary benefits <sup>(C)</sup>	Total
I. Silk	\$564,456	\$25,000	\$589,456	N/A	\$21,883	\$611,339
M. Delaney	\$559,662	\$25,000	\$584,662	\$192,103		\$776,765
P. Curtis	\$362,231	\$25,000	\$387,231	\$106,787		\$494,018
I. McKeand	\$372,100	\$25,000	\$397,100	\$94,169		\$491,269
J. Peasley	\$335,368	\$25,000	\$360,368	\$100,903		\$461,271

(A) Represents that cash remuneration paid during the financial year including superannuation but before performance payments, annual leave (including leave loading) and long service leave.

(B) Performance payment plan for the year ended 30 June 2013.

(C) Includes motor vehicle and parking benefits and any associated fringe benefits tax.

#### Non-management staff

AustralianSuper staff are employed under the AustralianSuper Enterprise Agreement 2012-16. Staff whose salaries are set under the Agreement receive annual increases to their remuneration.

#### 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 run and operate the Fund efficiently and expertly, 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 Annette Gunnis Consulting Pty Ltd to provide advice on remuneration benchmarking and eligibility for the investment performance payment plan at a cost of \$32,958.

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

Below is a summary of AustralianSuper's financial statements for the last two financial years. The financial statements for **2013** are taken from **unaudited** accounts.

Summary of AustralianSuper's financial statements for the last two financial years.		
	2013 \$'000	2012 \$'000
<b>Opening Balance</b>	<b>46,886,804</b>	<b>43,018,415</b>
Employer contributions	4,981,621	4,480,744
Member contributions	693,733	479,252
Transfers inwards	11,090,101	3,044,962
Investment income	7,936,665	386,161
Insurance receipts	200,038	151,919
Other income	9,466	14,302
<b>Total income</b>	<b>24,911,624</b>	<b>8,557,340</b>
Benefits paid and payable	5,120,288	3,791,000
Administration & operating expenses	214,176	172,182
Insurance expense	345,949	302,053
Income tax expense	1,248,681	423,716
<b>Total benefits and expenses</b>	<b>6,929,094</b>	<b>4,688,951</b>
<b>Net assets available to pay benefits at year end</b>	<b>64,869,334</b>	<b>46,886,804</b>
Members' funds	64,700,528	46,712,904
Reserves	168,806	173,900
<b>Liability for accrued benefits</b>	<b>64,869,334</b>	<b>46,886,804</b>

Reserves for the 3 years to 30 June 2013			
	2013 \$'000	2012 \$'000	2011 \$'000
Reserves	168,806	173,900	139,614

### More information about the AustralianSuper's reserves

The level of the reserves 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 reserves is maintained and replenished through both investment earnings and operational surplus. It also outlines under what circumstances payments are made from the reserves. Included in the reserves is an amount set aside as an Operational Risk Reserve of \$160 million (\$140 million in 2012). 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 for the last two financial years

	2013 \$'000	2012 \$'000
<b>Assets</b>		
<b>Investments</b>		
Listed equity - Australian	18,658,958	13,966,915
Listed equity - International	16,376,994	8,552,434
Private equity	2,229,353	1,749,079
Global bonds	9,327,540	6,742,798
Property	4,921,030	4,546,296
Infrastructure	6,636,278	5,036,513
Capital guaranteed	1,362,513	1,249,298
Absolute return strategies	90,124	44,960
Cash	6,496,013	4,714,854
Derivative assets	103,226	249,450
Derivative liabilities	(881,403)	(78,892)
<b>Total investments</b>	<b>65,320,626</b>	<b>46,773,705</b>
<b>Other assets</b>		
Cash at bank	98,038	72,189
Receivables	25,299	14,350
Deferred tax assets	14,672	329,466
<b>Total assets</b>	<b>65,458,635</b>	<b>47,189,710</b>
<b>Liabilities</b>		
Benefits payable	3,252	21,092
Accounts payable	130,903	69,252
Current tax liabilities	300,204	212,562
Deferred tax liabilities	154,942	-
<b>Total liabilities</b>	<b>589,301</b>	<b>302,906</b>
<b>Net assets available to pay benefits</b>	<b>64,869,334</b>	<b>46,886,804</b>

THE FULL AUDITED FINANCIAL  
STATEMENTS AND AUDITOR'S  
REPORT WILL BE AVAILABLE BY  
EARLY NOVEMBER 2013 ONLINE AT

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

A woman with dark hair, wearing a black blazer over a white collared shirt and black trousers, stands with her arms crossed in front of a large stack of colorful shipping containers (red, blue, and white). The background is a clear blue sky. The image is split into two main sections by a diagonal line: the left section shows the woman and containers, and the right section is a solid dark blue area containing text.

# INVESTING IN OUR PEOPLE

WE STRIVE TO BE THE BEST  
SUPER FUND BY INVESTING  
IN THE RIGHT PEOPLE AND  
MAINTAINING A CLEAR  
VISION FOR GROWTH.

**AustralianSuper member Suzi is a sales executive at a global logistics company, and has been a member since 1998.** Suzi has been watching her super grow nicely over the last 20 years. She is busy now planning her next trip to Dubai and is currently researching to invest in property.



**THIS YEAR, AUSTRALIANSUPER TRANSFORMED THE FUND'S ORGANISATIONAL STRUCTURE IN RESPONSE TO A CHANGING AND INCREASINGLY COMPETITIVE MARKET AND REGULATORY ENVIRONMENT.**

The remit of the restructure project was to align structure, business processes and people to deliver on AustralianSuper's strategic objective of helping members achieve their best possible retirement outcomes.

**AustralianSuper's organisational structure and executive team**

As a result of the restructure, AustralianSuper now has six functional reporting lines led by experienced and high achieving individuals. The new arrangements came into effect in August 2013.

**A workplace of opportunity, flexibility and respect**

AustralianSuper recognises that our staff are key to our success. Core tenets of our People and Culture Strategy are to create more opportunities for our people, enhance our skills and capabilities as an organisation and to protect our values.

To attract and retain the best employees, AustralianSuper offers appropriate remuneration and flexible and fair working conditions. Since 2006, AustralianSuper staff have participated in a survey to measure AustralianSuper's performance as an employer against key metrics.

This year's results were outstanding – an overall result of 4 out of a possible 5 was achieved. And as with previous years, in the benchmark comparison with other organisations that participate in a similar survey, AustralianSuper's result was significantly higher than the benchmark average (3.7). This continues the trend of very strong overall results on both an absolute and comparative basis over the seven years we have conducted the survey.



**IAN SILK**  
CHIEF EXECUTIVE



**MARK DELANEY**  
DEPUTY CHIEF EXECUTIVE  
CHIEF INVESTMENT OFFICER



**JANE FOLEY**  
GROUP EXECUTIVE  
STRATEGY, PEOPLE AND  
PERFORMANCE



**PAUL SCHRODER**  
GROUP EXECUTIVE  
MEMBERSHIP



**SHAWN BLACKMORE**  
GROUP EXECUTIVE  
SERVICE AND ADVICE



**TONY CAVANAGH**  
GROUP EXECUTIVE  
CORPORATE SERVICES

**POSITION VACANT**  
GROUP EXECUTIVE  
MARKETING AND  
CORPORATE AFFAIRS

Some 87% of staff responded to the survey this year and other key results (out of a possible 5) were:

- › Staff Development Index score of 3.80
- › People Leader Index score of 3.90
- › Engagement Index score of 4.00
- › Diversity Index score of 4.00

Some of the areas that recorded the strongest results were: immediate manager support, respect, work flexibility, and perceptions of AustralianSuper as a good place to

work. And some of the areas identified for improvement or analysis were: opportunities for training and performance feedback.

As a non-public sector employer with 100 or more employees, we are required to report annually to the Workplace Gender Equality Agency (WGEA). AustralianSuper's 2013 Compliance Report has been submitted to WGEA and a copy of the report is available on our website. Any comments regarding the report can be directed to AustralianSuper or WGEA.

#### AustralianSuper's management team by gender and age as at 30 June 2013

	Female	Male	Age under 30	Age 30-50	Age 50 plus
Board	3	8	0%	27%	73%
Executive team	3	7	0%	30%	70%
Management	22	23	16%	75%	9%
<b>Total</b>	<b>28</b>	<b>38</b>	<b>9%</b>	<b>55%</b>	<b>36%</b>

#### AustralianSuper's workforce by gender and working arrangements as at 30 June 2013

	Full time	Part time	Total
<b>Female</b>			
Asia, Beijing	2		2
New South Wales	10	2	12
Northern Territory		1	1
Queensland	1	2	3
South Australia	2		2
Tasmania	1		1
Victoria	81	21	102
Western Australia	5	1	6
<b>Sub-total female</b>	<b>102</b>	<b>27</b>	<b>129</b>
<b>Male</b>			
Asia, Beijing	1		1
New South Wales	16		16
Northern Territory	1		1
Queensland	3		3
South Australia	3		3
Victoria	93	1	94
Western Australia	7		7
<b>Sub-total male</b>	<b>124</b>	<b>1</b>	<b>125</b>
<b>Grand total</b>	<b>226</b>	<b>28</b>	<b>254</b>

# INVESTING IN YOUR DREAMS

## MAKING MEMBERS' RETIREMENT DREAMS A REALITY

At AustralianSuper, our core purpose is to provide you with the best retirement outcomes possible. That's why all that we do is aimed at giving you, the best choices of investment, protection and advice.

We're committed to helping you have more money to enjoy life when you stop working - you'll be better off with AustralianSuper.



**New dad Marcus has been a member with AustralianSuper since 2009.** Together with his wife, Bridget and baby boy Hugo, Marcus is building financial security to renovate their home and gain the freedom to travel with his growing family.





**Young AustralianSuper members, Isabelle and Shannon** are already well involved with their super. Guided by mum and dad, the identical twins have both made extra contributions into their super and consolidated all previous funds into AustralianSuper. As for the future? Have some fun!

## About this report

AustralianSuper is committed to providing Fund members, employers, employees and other key stakeholders with clear information about the many considerations that shape our investment decisions, member relations, relationship with employees and sustainability.

Our approach centres on balancing our goal of maximising the retirement outcomes for members with meeting the economic, governance, social and environmental responsibilities of our operations. We believe integration of environment, social and governance (ESG) issues will be an important and lasting challenge for the superannuation sector in the coming years.

This report discloses our performance over the 2012/13 financial year and covers our Australian and Asian operations with regards to human resource data. There are no significant changes to the scope and boundary of the report from previous disclosures. Further, there are no re-statements of information provided in earlier reports.

This Annual Report was prepared in September 2013 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 \$2,000, or those that are unidentified and have been inactive for more than 12 months, 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.

### **Benchmarks**

High Growth – SR50 Median Growth Option, Balanced – SR50 Median Balanced Option, Sustainable Balanced – SR50 Median Balanced Option, Indexed Diversified - SR50 Median Balanced Option, Conservative Balanced – SR25 Median Conservative Balanced Option, Stable – SR50 Median Capital Stable Option, Capital Guaranteed – UBSA Bank Bill Index adjusted for fees and tax, Australian Shares – S&P/ASX300 Accumulation Index adjusted for fees and tax, International Shares – MSCI AC World ex Australia (in \$A) Index adjusted for fees and tax, International Shares-Hedged – MSCI AC World ex Australia Net Divs Hedged Index adjusted for fees and tax, Australian Sustainable Shares – S&P/ASX300 Accumulation Index adjusted for fees and tax, International Sustainable Shares – MSCI World Net Dividend Reinvested Unhedged to \$A adjusted for fees and tax, Property – Mercer/IPD Australian Pooled Property Fund Index adjusted for fees and tax, Australian Fixed Interest – UBSA Composite All Maturities Bond Index adjusted for fees and tax, Diversified Fixed Interest – (50% UBSA Composite All Maturities Bond Index + 50% Barclays Global Aggregate Index hedged in \$A) adjusted for fees and tax, International Fixed Interest – Citigroup WGB Hedged Index adjusted for fees and tax, Cash – UBSA Bank Bill Index adjusted for fees and tax.





## 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  
Web [www.australiansuper.com/pension](http://www.australiansuper.com/pension)  
Email [www.australiansuper.com/email](mailto:www.australiansuper.com/email)  
Mail AustralianSuper Pension  
Locked Bag 6, Carlton South VIC 3053

