



# AUSfund Annual Report

## For the year ended 30 June 2012

Issued 31 October 2012



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Issued by Industry Funds Investments Limited (IFI) - ABN 17 006 883 227 AFSL 229881 as the Trustee of AUSfund, Australia's Unclaimed Super Fund - ABN 85 945 681 973 as at 30 June 2012. IFI is a division of Industry Fund Services Limited (IFS). IFS is a wholly owned subsidiary of Industry Super Holdings Pty Ltd - ABN 71 119 748 060, which in turn is owned by a number of major superannuation funds, some of which use AUSfund as their Eligible Rollover Fund (ERF).

IFI has provided all information it reasonably believes a product holder would need for the purpose of understanding the management, financial condition and the investment performance of the Fund.

You should assess your own situation and/or obtain independent financial advice and obtain a copy of the latest Product Disclosure Statements (PDS) before making any investment decisions based on this information. Please visit our website [unclaimedsuper.com.au](http://unclaimedsuper.com.au) or contact our Customer Service Centre on **1300 366 233** for a free copy.

The information in this document is given in good faith and is believed to be accurate. IFI does not give any warranty or reliability on its accuracy or accept any responsibility arising in any way including by reasons of negligence for any errors or omissions herein. Neither IFI nor any service provider guarantees the investment performance or return of capital of any investment.

## Take back your unclaimed super

AUSfund works hard to look after your unclaimed super. However, you could benefit more if you rolled it into your active super account. Consolidating your super into one account can:

- reduce fees
- increase your retirement savings
- help you keep track of your super, and
- lessen paperwork.

## Reclaiming your super is easy and costs nothing

You can get a rollover form from our website:

**unclaimedsuper.com.au** or you can call us on **1300 361 798**.

The rollover form is short and simple. Fill it out and send it back to us. We'll do the rest. It's your super and it should be working hard for your retirement. We do not charge exit fees, but administration fees apply.

## How we reunite members with their unclaimed super

At AUSfund, we understand that many members don't realise they have lost or unclaimed super, or find it hard to consolidate their accounts. For this reason, we conduct Cross Fund Matching searches to find active accounts belonging to AUSfund members in participating super funds (i.e. funds that selected AUSfund as their ERF).

If we find an active account in your name within a participating super fund, we will transfer your AUSfund balance to that account and notify you in writing.

If your AUSfund account balance is greater than \$3,000, we will write to you to determine if you would like to transfer your account balance to your active super account.

The combined efforts of AUSfund and participating super funds resulted in approximately \$66 million being transferred into active super accounts on behalf of 236,000 members in 2011/12.

Another way we try to reunite members with their unclaimed super is address matching. We search for lost members' current addresses and contact details using the services of Veda Advantage Solutions Group Pty Ltd. In 2011/12 the address matching program provided participating super funds with over 100,500 new addresses for members. Additionally, we work with the Australian Taxation Office and use its SuperMatch service to find unclaimed super.

**Please note:** If you do not want us to undertake Cross Fund Matching on your behalf, or transfer your AUSfund benefits to an active super account in your name, please let us know by writing to us at the address provided on the back cover of this booklet.

## AUSfund: A market leader...again

AUSfund has been awarded the Heron Partnership's<sup>1</sup> super rating award 'Top Rated ERF' six times including in 2012.

Some of the main findings of research, commissioned by AUSfund, concluded that AUSfund delivers:

- Strong long-term returns<sup>2</sup>
- Highest net benefit<sup>3</sup>
- A genuine dedication to reuniting people with their lost or unclaimed super.

1. Heron's ratings are based on analysis of information provided by third parties, as well as general market knowledge. There is no guarantee or warranty as to the accuracy or correctness of any third party information. For further information go to: [heronpartners.com.au](http://heronpartners.com.au).

2. Past performance is not indicative of future performance. Measured on account balances of \$1,000 over 3 and 5 years to 30 June 2011.

3. Measured on accounts of \$500, \$1,000 & \$2,000 over a 5 year period to 30 June 2011.

## Caring for your money

This Annual Report has been issued by Industry Funds Investments Limited (IFI). IFI directors meet regularly to assess AUSfund's objectives, investment strategy and performance and to oversee the activities of service providers. IFI is a division of Industry Fund Services (IFS) Limited. IFS is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (ISH). A list of ISH shareholders can be found at: [ifs.net.au](http://ifs.net.au), or you can call our Customer Service Centre on **1300 361 798**.

IFS, or current directors, can nominate and appoint new directors to the IFI Trustee Board. The directors during the year and currently are:

- Michael Migro (appointed 3 January 2012)
- Paul Jeffrey Faure
- Meroe Gemma Pinnell
- Anthony Joseph Beck
- Graeme Alexander Grant
- Jack Simon Diamond

Other key management personnel:

### **Kay Thawley\***

Chief Executive Officer  
Industry Fund Services

### **David Vernon**

General Manager, Products  
Industry Fund Services

The Trustee has Professional Indemnity insurance in place. This insurance cover extends (subject to policy terms and conditions) to the conduct of representatives / employees who no longer work for AUSfund but who did at the time the conduct occurred, and that could give rise to a claim for compensation.

\* Resigned 8 August 2012

## Investment in AUSfund

It is important to remember that superannuation is a long-term investment. Returns fluctuate from year to year, but over time the aim for AUSfund is to deliver a moderate return.

### How we invest your money

AUSfund's membership is largely made up of small, lost or inactive accounts. The Trustee of AUSfund is accountable for making decisions about how to invest the money held in the fund. It has adopted a diversified investment strategy appropriate for members. However, all investments entail some risk and the performance of the fund is not guaranteed.

### Investment objectives — what we aim for when we invest your super:

- Money should be invested to give security to members' funds over the medium term.
- The asset mix should be structured to limit the likelihood of a negative return to one in every ten years.\*
- To deliver an after tax return of at least inflation (as measured by change in the Consumer Price Index) plus 2.5% per annum over rolling five-year periods at least 75% of the time.\*
- An investment reserve is managed to assist in the smoothing of returns to members and to lower the possibility of a negative crediting rate.
- A long-term asset mix should be selected to take into account the above risk constraints and allow the highest possible return for an agreed level of risk.
- The investment process should be cost efficient.
- The long-term strategy should be reviewed at least annually.
- The short-term investment strategy should be controlled by adjusting cash flow between investments as the investment environment dictates, while remaining within the longer-term strategies.

\* Please refer to 'Changes to investment objectives from 1 February, 2013' on the following page.

## Changes to investment objectives from 1 February, 2013

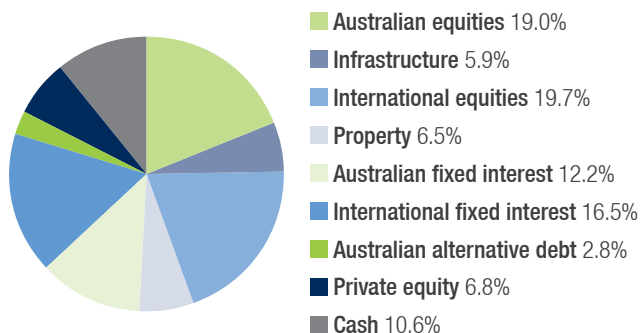
The Trustee of AUSfund has approved changes to two of the investment objectives, (marked \* on the prior page) to the following, effective from 1 February, 2013.

- The asset mix should be structured to limit the likelihood of a negative return to one in every **seven** years (or approximately three years in every 20 years).
- To deliver an after tax return of at least inflation (as measured by the change in consumer price index) plus 2.5% per annum over rolling **ten-year** periods at least **two-thirds** of the time.

## Strategic asset allocation

Asset class	Strategic asset allocation
Australian equities	21.0
Infrastructure	6.0
International equities	18.5
Property	6.5
Australian fixed interest	15.5
International fixed interest	18.0
Australian alternative debt	2.5
Private equity	5.0
Cash	7.0

## Actual asset allocation as at 30 June 2012



## Changes to strategic asset allocation from 1 February, 2013

The Trustee of AUSfund has approved a change to the strategic asset allocation and the allowable ranges of the Fund to those listed in the following table which will take effect from 1 February, 2013.

In seeking to position the Fund more defensively and to increase the liquidity of the Fund, the allocation to the unlisted asset classes, including infrastructure, private equity and alternative debt is to be reduced to zero with a corresponding increase in the allocations to the fixed interest asset classes.

The reduction in growth assets will be gradually achieved through the redirection of cash flows and redemptions from particular asset classes and is expected to be completed by 2013.

Asset class	Strategic asset allocation %	Allocation range %
Australian equities	20.5	10.0 – 30.0
International equities	18.1	10.0 – 30.0
Private equity	0.0	0.0 – 12.0
Infrastructure	0.0	0.0 – 15.0
Australian listed property	6.4	0.0 – 15.0
Australian alternative debt	0.0	0.0 – 7.5
Australian fixed interest	23.0	5.0 – 35.0
International fixed interest	23.0	5.0 – 35.0
Cash	9.0	5.0 – 20.0

Please note that from 1 February, 2013 the Strategic Asset Allocation of AUSfund will not include allocations to Australian alternative debt, Private Equity and Infrastructure. While AUSfund may still hold investments in these categories at 1 February, 2013, its exposure will gradually reduce to zero.

## AUSfund's past performance

AUSfund applied a 1.40% crediting rate to members' accounts (other than members with balances less than \$50 or limited information members i.e. members whose identity cannot be verified on the basis of the information currently held by the fund).

The table below details the historical earnings and crediting rates. The latter is the rate of return actually applied to members' accounts.

Year	Average compound crediting rate p.a.	Average compound earning rate p.a.
1 Year	1.40%	3.50%
3 Years	5.60%	6.80%
5 Years	1.20%	1.30%
10 Years	6.10%	6.10%

The investment returns quoted are an average for the fund and your personal return may differ depending on, for example, when you joined the fund, when contributions were received on your behalf and when you exited the fund (if this occurred). Please note, past performance is not indicative of future performance. Super is a long-term investment and results should be observed over longer periods of time.

## How investment earnings are applied to your account

Investment earnings, in the form of crediting rates, are applied to your account at the end of each financial year. The crediting rate is the net return after deductions for tax on earnings, investment management fees, member protection costs and any other costs incurred in administering the fund.

The Trustee also determines an interim crediting rate each month that is applied to a member's benefit if they leave during that month.

In any year some of AUSfund's investment earnings may be allocated into, or taken from the fund's reserves (see 'Reserving strategy' on page 14).

## Use of derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies or by the Trustee from time to time.

## How much does AUSfund have invested?

Net assets under management as at 30 June for the last five years:

Year	\$ Million
2012	545.9
2011	524.7
2010	563.3
2009	501.2
2008	568.1

## AUSfund's investment managers

AUSfund's total investments by investment manager as at 30 June 2012 & 2011:

Investment Manager Allocations	30-Jun-12 \$m	30-Jun-11 \$m
<b>Australian Equities</b>		
IFM Enhanced Index Australian Equity Fund	85.4	104.0
IFM Strategic Australian Equities Fund	18.5	22.5
<b>Total Australian Equities</b>	<b>103.9</b>	<b>126.5</b>
<b>International Equities</b>		
Blackrock WS Indexed International Equity Fund	96.9	77.8
Blackrock Indexed Hedged International Equity Fund	8.4	8.3
Capital International World Equity Trust	0	10.3
Capital International World Equity Trust (Hedged)	0	13.6
<b>Total International Equities</b>	<b>105.3</b>	<b>110.0</b>
<b>Property</b>		
Industry Superannuation Property Trust (ISPT) Core Fund	35.8	67.9
<b>Total Property</b>	<b>35.8</b>	<b>67.9</b>
<b>Australian Fixed Interest</b>		
Blackrock WS Index Australian Bond Fund	63.6	16.1
Super Loans Trust	1.6	1.5
<b>Total Australian Fixed Interest</b>	<b>65.2</b>	<b>17.6</b>
<b>Australian Alternative Debt</b>		
IFM Alternative Fixed Income Fund	15.2	23.2
<b>Total Australian Alternative Debt</b>	<b>15.2</b>	<b>23.2</b>
<b>International Fixed Interest</b>		
Blackrock Global Bond Indexed Fund	90.1	49.5
<b>Total International Fixed Interest</b>	<b>90.1</b>	<b>49.5</b>
<b>Cash</b>		
IFM Alternative Fixed Income Fund - Short	6.9	6.7
IFM Strategic Cash Fund	4.4	8.4
IFM Transaction Cash Fund	13.4	17.6
ME Bank Term Deposit	26.7	0
<b>Total Cash</b>	<b>51.4</b>	<b>32.7</b>
<b>Private Equity</b>		
IFM Australian Private Equity Fund III	16.7	19.0
IFM Australian Private Equity Fund IV	8.0	8.2
IFM International Private Equity Fund II	2.9	2.7
<b>Total Private Equity</b>	<b>27.6</b>	<b>29.9</b>
<b>Infrastructure</b>		
IFM Australian Infrastructure Fund	32.4	50.9
<b>Total Infrastructure</b>	<b>32.4</b>	<b>50.9</b>
<b>Investments Directly Held</b>		
<b>Private Equity</b>		
Members Equity Bank Pty Ltd	5.0	0
Industry Super Holdings Pty Ltd	3.1	8.3
<b>Total Investments Directly Held</b>	<b>8.1</b>	<b>8.3</b>
<b>Total Investments</b>	<b>535.0</b>	<b>516.5</b>

## AUSfund's financials

The 2012 Financial Statements, as summarised, are derived from the audited accounts of AUSfund. A copy of the audited accounts and associated audit report for the year ended 30 June 2012 can be obtained by contacting the AUSfund Customer Service Centre on **1300 361 798**.

Statement of financial position as at 30 June 2012 & 2011:

	2012 (\$)	2011 (\$)
Total investments	535,029,100	516,554,180
Other assets	12,800,237	12,049,390
<b>Total assets</b>	<b>547,829,337</b>	<b>528,603,570</b>
Total liabilities	1,887,845	3,944,250
<b>Net assets available</b>	<b>545,941,492</b>	<b>524,659,320</b>
<b>Represented by</b>		
Member funds	529,968,426	505,514,290
Reserves & limited information members	15,973,066	19,145,030
<b>Liability for accrued benefits</b>	<b>545,941,492</b>	<b>524,659,320</b>

## Operating statement for the years ended 30 June 2012 & 2011

The operating statement is a snapshot of the money coming in and going out of the fund during the year:

	2012 (\$)	2011 (\$)
<b>Revenue</b>		
Total net investment revenue	17,908,721	44,530,320
Plus Total contributions revenue	79,359,506	50,273,097
Plus Sundry income	485,474	793,013
<b>Total revenue</b>	<b>97,753,701</b>	<b>95,596,430</b>
<b>Expenditure</b>		
General Administration expenses	16,035,377	15,774,980
Plus Other investment expenses	349,935	416,835
Less Surcharge refund	- 604	- 1,898
<b>Total expenditure</b>	<b>16,384,708</b>	<b>16,189,917</b>
Benefits accrued before tax and benefits paid	81,368,993	79,406,513
Less Benefits paid	56,291,008	116,111,335*
<b>Benefits accrued/ (reduced) before tax and benefits paid</b>	<b>25,077,985</b>	<b>(36,704,822)</b>
Less Income tax expense	3,795,814	1,891,386
<b>Benefits accrued/ (reduced) after tax</b>	<b>21,282,171</b>	<b>(38,596,208)</b>

\*This figure includes transfer to the ATO of approximately 500,000 lost members with approximately \$53m in lost small (less than \$200) and lost insoluble (inactive for a period of five years) accounts which had insufficient records to ever identify the owner of the account.

## Reserving strategy

Reserves are used primarily as a buffer to smooth fluctuations in crediting rates returned to members and to reduce the chance of members getting a negative return in a year of poor investment performance.

Reserves can also be used to cover member protection costs and other such costs (as defined in the PDS)\* as IFI may determine. Payments in respect of the superannuation contributions surcharge or advance instalment of surcharge are also made from reserves.

Year (as at 30 June)	Total Amount	Movement	% of Member Funds
2012	\$8.3 million	↓ 3.1 million	1.56
2011	\$11.4 million	↑ 0.5 million	2.25
2010	\$10.9 million	↑ 0.2 million	2.04
2009	\$10.7 million	↓ 1.0 million	2.28
2008	\$11.7 million	↓ 16.4 million	2.19

## Member protection costs

AUSfund specialises in looking after small, lost or inactive super accounts and so in accordance with superannuation law all members' accounts are 'member protected'.

Under the member protection rules, administration fees (not including government taxes and investment management fees) cannot be greater than the return credited in any financial year.

The cost of member protection varies from year to year. The cost for the 2011/12 Financial Year was 1.63% of the fund's average net assets, which represents \$8,738,527. This was paid from the fund's reserves.

\* For a copy of the current PDS visit our website: [unclaimedsuper.com.au](http://unclaimedsuper.com.au) or call us on **1300 361 798**



## Major service providers

IFI formally reviews all professional advisers and service providers on a regular basis.

<b>Accountant:</b>	Superpartners and Industry Fund Services
<b>Administration:</b>	Superpartners
<b>Auditor:</b>	Deloitte Touche Tohmatsu
<b>Custodian:</b>	NAB Asset Servicing
<b>Investment Advisers:</b>	Frontier Advisors
<b>Lost Member Searching:</b>	Veda Advantage Solutions Group

## Would you like further information?

To obtain a copy of the audited accounts, write to:

**AUSfund**  
**Level 31, Casselden Place**  
**2 Lonsdale Street**  
**Melbourne VIC 3000**

or email: [info@ausfund.net.au](mailto:info@ausfund.net.au)

## Let us know about your dependants

It is important we have a current list of your dependants to assist in distributing your death benefit in the event you die while you have money with AUSfund. Please write to us if you need to change your nominated beneficiaries.

**Please note:** The Trustee is not obliged to pay a death benefit to your nominated beneficiaries. Your nomination is, however, used by the Trustee as a general guide.

We need to know who your dependants are, what relationship they are to you (e.g. husband, child) and what percentage of the benefit you would like to go to them (the total for all dependants must equal 100%).

No tax is paid on benefits paid to a dependant as defined in the tax legislation.

For more information about this, please refer to the ATO website: [ato.gov.au](http://ato.gov.au)

## AUSfund's privacy policy

It has always been important for us to safeguard your personal information. We are legally required to do so. We manage your personal information in accordance with the National Privacy Principles in the Federal Privacy Act.

For more information on the fund's privacy policy, please refer to the PDS or the fund's website: [unclaimedsuper.com.au](http://unclaimedsuper.com.au).

## We take your feedback seriously

We work hard to try and make sure that you do not have a reason to make a complaint. However, if you do have a complaint, the process we follow to resolve it as quickly and fairly as possible is:

1. Please write to the Complaints Officer, at AUSfund, PO Box 2468, Kent Town SA 5071, outlining your concerns.
2. Our Complaints Officer will investigate your concerns and refer them to IFI if necessary.
3. Our Complaints Officer will write to you advising the outcome of our investigation. This will usually happen within two weeks. By law it must occur within 90 days of your complaint being received.
4. If we cannot resolve your complaint, you may contact the Superannuation Complaints Tribunal (SCT). The SCT cannot consider your complaint unless it goes through the above internal process. The contact number for the SCT is **1300 884 114**.

# Contacting us

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Phone: **1300 361 798**

Hours: **8.30am to 5pm Monday to Friday**

Fax: **1300 366 233**

Website: **[unclaimedsuper.com.au](http://unclaimedsuper.com.au)**

Email: **[admin@ausfund.net.au](mailto:admin@ausfund.net.au)**

Mail: **The AUSfund Administrator  
PO Box 2468  
Kent Town SA 5071**

In person:

## **Victoria**

Casselden Place, Level 2  
2 Lonsdale Street  
Melbourne VIC 3000

## **New South Wales**

Level 5, 477 Pitt Street  
Sydney NSW 2000

## **Western Australia**

Level 2, 12 St Georges Terrace  
Perth WA 6000

## **Tasmania**

Level 2, 119 Macquarie Street  
Hobart TAS 7000

## **Queensland**

Level 10, 120 Edward Street  
Brisbane QLD 4000

## **South Australia/Northern Territory**

Level 2, 104 Frome Street,  
Adelaide, SA 5000

## **Australian Capital Territory**

Level 2, Law Society Building  
11 London Circuit,  
Canberra City, ACT 2600