



AUSfund Annual Report

For the year ended 30 June 2013

Issued 30 September 2013

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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 (the Fund) - ABN 85 945 681 973 as at 30 June 2013. IFI is a subsidiary of Industry Fund Services (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 Statement (PDS) before making any investment decisions based on the information provided in this report. Please visit our website unclaimedsuper.com.au or call us on 1300 366 233 for a free copy.

Consolidate your super

AUSfund works hard to look after your unclaimed super. However, you could benefit more if you rolled your interest in AUSfund 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 claim your interest in AUSfund or roll it over to your active super account online at: unclaimedsuper.com.au.

Alternatively you can download a claim or rollover form from unclaimedsuper.com.au or 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. For current fees please refer to the PDS or call us on **1300 361 798**.

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 superannuation funds.

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

However, if your 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 fund or to another complying fund that you may choose.

The combined efforts of AUSfund and its participating funds have resulted in over \$320 million being transferred into active super accounts on behalf of over 830,000 members since 2001. In 2012/13 over 163,000 Members and \$52 million was transferred to participating funds.

We also search for lost members' current addresses and contact details using the services of Veda Advantage Solutions Group Pty Ltd. Since 2001 the address matching program provided participating funds with over 1.2 million new addresses for members.

Additionally, we work with the Australian Taxation Office (ATO) 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.

Changes to your super

Member Benefit Protection no longer applies

Member Benefit Protection was removed from the superannuation regulations in May 2013. As a result of this, from 1 July 2013, previously protected accounts in AUSfund will no longer be immune from the impact of fees. As a result of that change, AUSfund's reserving strategy will be reviewed in 2013/14.

Annual \$14 administration fee will apply to all member accounts

AUSfund currently charges an annual Administration fee of \$14 to members with account balances of \$50 and over.

All members regardless of their account balance will be charged an annual Administration fee of \$14 from 1 January 2014. The fee will be applied to your account on 30 June or when you exit the Fund. If you have less than \$14.04 in your account on 1 January 2014, your account will lapse.

From 1 January 2014 contributions cannot be accepted

AUSfund will not be able to accept employer or member contributions from 1 January 2014. If you or your employer made any contributions prior to that date, those contributions may remain in the Fund and will continue to earn interest.

Transfer of accounts to the Australian Taxation Office (ATO)

The changes referred to above have been reflected in the amendments made to the AUSfund Trust Deed.

Twice each year, superannuation funds are required to transfer unclaimed super of members

- aged 65 years or older,
- non-member spouses,
- deceased members,
- former temporary residents,
- small lost member accounts, and
- insoluble lost member accounts to the ATO.

In 2012/13 AUSfund transferred over 209,000 Members and \$110m to the ATO.

From 1 July 2013, the ATO will pay interest on these accounts at a rate equivalent to CPI inflation. If you have a lost account at the ATO you will be able to reclaim your account balances by using SuperSeeker at ato.gov.au

Members may use the ATO online tool at ato.gov.au/Calculators-and-tools/SuperSeeker/ to search for lost super.

AUSfund: A market leader...again

In the 2013 round of reviews of the ERF sector by superannuation rating agency Heron, AUSfund was for the 7th time named the Top Rated ERF.

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

AUSfund was also 'SuperRatings' Eligible Rollover Fund of the Year from 2007 until 2011 and was Platinum rated in 2012 and 2013. For further information go to superratings.com.au

Caring for your money

This Annual Report is issued by IFI. IFI directors meet regularly to assess AUSfund's objectives, investment strategy and performance and to oversee the activities of service providers. IFS, or current directors, can nominate and appoint new directors to the IFI Trustee Board.

The directors during or since the end of the financial year are:

- Anthony Beck (resigned May 2013)
- Jack Diamond (since 2008)
- Paul Faure (since 2011)
- Graeme (Sandy) Grant (since 2009)
- Michael Migro (since 2012)
- Gemma Pinnell (resigned April 2013)
- Linda Rubenstein (since May 2013)

Directors were appointed in accordance with the Trust Deed. A copy of the Trust Deed is available on the AUSfund website at unclaimedsuper.com.au.

Other key IFS management personnel are:

Name	Position
Lucille Bennetto	Executive Manager, Risk and Compliance, IFS
Ned Meehan	Executive Manager, Finance and Information Communications Technology, IFS
Andrew Steggall	Company Secretary, IFS
David Vernon	General Manager, SMI and IFI

IFI has Professional Indemnity insurance in place. 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.

Investment in AUSfund

Superannuation is a long-term investment. Returns fluctuate from year-to-year, but the aim for AUSfund is to deliver a moderate return over time.

How we invest your money

AUSfund’s membership is largely made up of small, lost or inactive accounts. IFI 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:

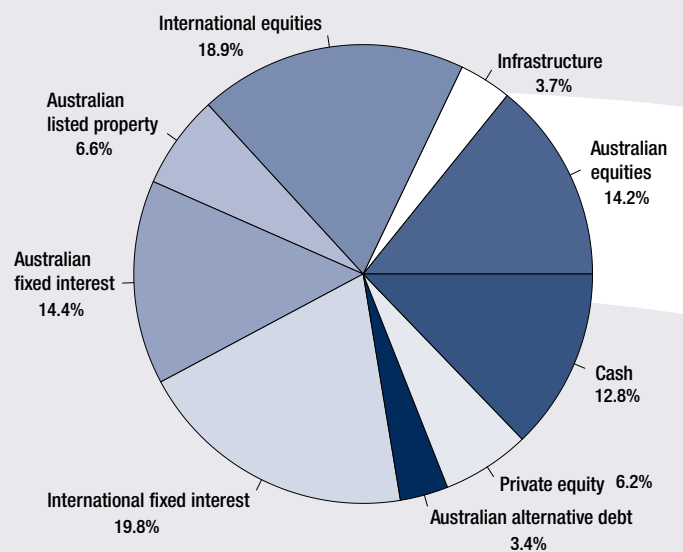
- Fund assets will be invested in investments which will reflect the need to give security to members’ funds over the medium-term;
- the asset mix should be structured to limit the likelihood of negative returns to one in every seven years (or approximately three years in every 20);
- a long-term asset mix should be selected to take account of the risk constraints and allow the highest possible return for an agreed level of risk;
- the investment process should be cost efficient;
- the long-term investment strategy should be reviewed at least annually;
- the short-term investment strategy should be controlled by adjusting cash flow between investments and as the investment environment dictates, while remaining within the longer-term strategy;
- to deliver an after tax return of at least inflation (as measured by the change in CPI) plus 2.5% per annum over rolling ten-year periods, at least two thirds of the time; and
- maintain liquidity of the Fund.

Strategic Asset Allocation

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

Since 1 February 2013, AUSfund’s Strategic Asset Allocation has not included allocations to Australian alternative debt, private equity and infrastructure. While AUSfund held investments in these categories at 30 June 2013, its exposure will gradually reduce to zero.

Actual asset allocation as at 30 June 2013



AUSfund's past performance

AUSfund applied a 12.35% crediting rate to members (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 crediting and earning rates. The crediting rate is the rate of return applied to members' accounts.

Year	Average compound crediting % p.a.	Average compound earning % p.a.
1 Year	12.35	12.9
3 Years	6.9	7.5
5 Years	3.6	4.1
10 Years	7.0	7.0

The investment returns quoted are an average for the Fund. Your personal return may differ depending on, for example, when you joined the Fund, when or if contributions were received to your account and, if relevant, when you exited the Fund.

Past performance is not a reliable indicator of future performance and investments can rise and fall in value. 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.

IFI also determines an interim crediting rate each month for the purpose of allocation of interest to exiting members' accounts.

In any year some of AUSfund's investment earnings may be allocated to, or taken from the Fund's reserves. For further details please refer to the 'Reserving strategy' on page 10.

Use of derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies or by IFI 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
2013	501.0
2012	545.9
2011	524.7
2010	563.3
2009	501.2

AUSfund's investment managers

AUSfund's investments by investment manager as at 30 June 2013 & 2012:

Investment Manager Allocations	30-Jun-13	30-Jun-12
	\$m	\$m
Australian Equities		
IFM - Enhanced Index Australian Equity Fund	44.1	85.4
IFM - Strategic Australian Equity Fund	25.1	18.5
Total - Australian Equities	69.2	103.9
International Equities		
BlackRock WS Index International Equity Fund	61.7	96.9
Blackrock Indexed Hedged International Equity Fund	30.6	8.4
Total - Overseas Equities	92.3	105.3
Property		
Industry Superannuation Property Trust (ISPT) Core Fund	0.0	35.8
IFM Wholesale Listed Property Fund	32.2	0.0
Total - Property	32.2	35.8
Australian Fixed Interest		
BlackRock WS Index Australian Bond Fund	69.1	63.6
Super Loans Trust	1.3	1.6
Total - Australian Fixed Interest	70.4	65.2
Australian Alternative Debt		
IFM Alternative Fixed Income Fund	16.4	15.2
Total - Australian Alternative Debt	16.4	15.2
International Fixed Interest		
BlackRock – Global Bond Indexed Fund	96.5	90.1
Total - International Fixed Interest	96.5	90.1

Investment Manager Allocations	30-Jun-13	30-Jun-12
	\$m	\$m
Cash		
IFM Alternative Fixed Income Fund - Short	0.0	6.9
IFM - Strategic Cash Fund	0.0	4.4
IFM - Transaction Cash Fund	32.9	13.4
ME Bank Term Deposit & Cash Notice Accounts	29.5	26.7
Total - Cash	62.4	51.4
Private Equity		
IFM - Australian Private Equity Fund III	12.3	16.7
IFM - Australian Private Equity Fund IV	7.9	8.0
IFM - International Private Equity Fund II	2.6	2.9
Total - Private Equity	22.8	27.6
Infrastructure		
IFM - Australian Infrastructure Fund	18.1	32.4
Total - Infrastructure	18.1	32.4
INVESTMENTS DIRECTLY HELD		
Private Equity		
Members Equity Bank Pty Ltd	4.4	5.0
Industry Super Holdings Pty Ltd	3.1	3.1
Total - investments directly held	7.5	8.1
Total investments	487.7	535.0

AUSfund's financials

The 2013 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 2013 can be obtained by contacting us on **1300 361 798**.

Statement of financial position as at 30 June 2013 & 2012

	2013 (\$)	2012 (\$)
Total investments	487,724,035	535,029,100
Other assets	15,562,462	12,800,237
Total assets	503,286,498	547,829,337
Total liabilities	2,301,719	1,887,845
Net assets available	500,984,778	545,941,492
Represented by		
Member funds	483,762,331	529,968,426
Reserves & Limited Information Members	17,222,447	15,973,066
Liability for accrued benefits	500,984,778	545,941,492

Operating statement for the year ended 30 June 2013 & 2012

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

	2013 (\$)	2012 (\$)
Revenue		
Total net investment revenue	69,006,073	17,908,721
Plus Total contributions revenue	64,031,877	79,359,506
Plus Sundry income	920,144	485,474
Total revenue	133,958,094	97,753,701
Expenditure		
General Administration expenses	17,213,143	16,035,377
Plus Other investment expenses	378,142	349,935
Less Surcharge refund	0	-604
Total expenditure	17,591,285	16,384,708
Benefits accrued before tax and benefits paid	116,366,810	81,368,993
Less Benefits paid	162,042,662	56,291,008
Benefits (reduced)/accrued before tax and benefits paid	(45,675,852)	25,077,985
Less Income tax (benefit)/expense	(719,141)	3,795,814
Benefits (reduced)/accrued after tax	(44,956,711)	21,282,171

Reserving strategy

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

Reserves could also be used to cover such relevant costs (as defined in the PDS)¹ as IFI may determine. Payments in respect of the superannuation contributions surcharge or advance instalments of the surcharge are also made from reserves.

AUSfund's reserving strategy will be reviewed during 2013/14 to take account of changes to member benefit protection and to ensure consistency with the Fund's investment objectives.

Year (at 30 June)	Total Amount	Movement	% of Member Funds
2013	\$9.5 million	↑ 1.2 million	1.96
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

Member protection costs

AUSfund specialises in looking after small, lost or inactive super accounts and so in accordance with superannuation law until 30 June 2013, all members' accounts were 'member protected'.

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

The cost of 'member protection' varied from year-to-year. The cost for 2012/13 financial year was 0.29% of the Fund's average net assets, which represented \$1,529,120. This was paid from the Fund's reserves. However, since 30 June 2013 the 'member protection' rules cease to apply.

¹ For a copy of the current PDS please visit our website unclaimedsuper.com.au or call us on 1300 366 233

Major service providers

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

Accountancy Services: Shared between Superpartners and Industry Fund Services

Administration: Superpartners

Auditor: Deloitte Touche Tohmatsu

Custodian: National Australia Bank

Investment Advisers: Frontier Advisors

Lost Member Searching: 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

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.

We need to know who your dependants are, their relationship 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%).

Please note: Your nomination of dependants is not binding upon the Trustee, and IFI is not obliged to pay a death benefit to your nominated beneficiaries. However, your nomination would be used by IFI as a general guide to the exercise of its discretion as Trustee in the payment of death benefits.

For more information about this, please refer to the ATO website: 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 Privacy Act (1988).

For more information on AUSfund's privacy policy, please refer to the PDS or visit our website: unclaimedsuper.com.au

We take your feedback seriously

We work hard to ensure 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. Write, outlining your concerns, to the Complaints Officer, at:

AUSfund
PO Box 2468,
Kent Town SA 5071

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**.

Phone: 1300 361 798
Hours: 8.30am to 5.00pm Monday to Friday
Fax: 1300 366 233
Website: unclaimedsuper.com.au
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