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Product Disclosure Statement

Issued 12 September 2014



This Product Disclosure Statement ('PDS') is a summary of significant information and contains references to other important information contained in a separate brochure 'Important Additional Information' which forms part of this PDS. This PDS and the additional document are available at no cost to you from our website or by contacting us.

You should consider all information before making a decision to remain invested in this product. When you receive this PDS you will already be a member of AUSfund as a result of your super benefit being transferred to us from your previous fund (refer to page 5 for further information).

This information is general information only and does not take account of your personal circumstances, financial position or needs. We recommend you obtain financial advice tailored to your personal circumstances and needs.

This PDS has been 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.

Information about the remuneration of the Trustee directors and IFI executives will be available on the AUSfund website unclaimedsuper.com.au when required by legislation.

IFI is a wholly owned subsidiary of Industry Fund Services Limited (IFS). (ABN 54 007 016 195) 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).

AUSfund, the Trustee and its related entities do not guarantee the performance of the Fund or the repayment of capital or any particular rate of return.

This PDS can only be used by persons receiving it (electronically or otherwise) in Australia. If you receive this PDS electronically, a paper copy is available free of charge upon request. If you are printing an electronic copy of this PDS you must print all pages.

Information in this PDS is subject to change from time to time. We may update information for changes that are not materially adverse. Updated information can be obtained by visiting our website unclaimedsuper.com.au or calling us on **1300 361 798**. You may request a paper copy of any updated information at any time free of charge.

In this document, the word 'we', 'our' and 'us' are used to refer to IFI as the Trustee of AUSfund, Australia's Unclaimed Super Fund. 'You' or 'your' refer to you as a Fund member.

1. About AUSfund

Purpose

AUSfund is an Eligible Rollover Fund (ERF). The purpose of AUSfund is to be a temporary repository for amounts transferred from other regulated superannuation funds including:

- small, lost and inactive accounts
- certain fund members who have not nominated another fund for transfer of their benefit within a specific timeframe
- for a non-member spouse in circumstances connected with the division of super following marriage breakdown.

These are generally inactive superannuation accounts. Super funds are permitted to transfer accounts to an ERF like AUSfund without a member's prior consent. Other reasons they transfer accounts to AUSfund include:

- change of address not notified to the previous fund,
- change of name or job not notified,
- no recent contributions to the previous fund.

Transfers in

AUSfund can also accept individual transfers from other regulated super funds. People may wish to park their super with AUSfund when they are out of the workforce and not receiving contributions. This might be because they are on study leave, working overseas, on extended maternity leave or working for only short periods during the year. However, it should be noted that AUSfund does not provide insurance cover which might be important for some members, and AUSfund cannot accept any type of member or employer contribution.

Transfers out

You can transfer your AUSfund account to your active super account at any time. You can perform an online transfer to a regulated super fund or download a Transfer Out Application form from our website unclaimedsuper.com.au.

Objectives

Our main objectives are to look after members' benefits while invested with AUSfund, to find members' current addresses and to encourage them to consolidate their super accounts.

Consolidating your Super

Consolidating your super into one account makes it easier to keep track of your super and reduces the amount of fees you pay. This, most importantly, means more super for your retirement.

We understand many members do not realise they have inactive super accounts or may not have the time to follow up on consolidating their super into an active account.

Prior to May 2013, AUSfund conducted Cross Fund Matching searches to find active super accounts that belonged to our members so as to consolidate their super. If we found an active account in a member's name and their AUSfund benefit was less than \$3,000 we would transfer their AUSfund super benefit to that account without their consent and then notify them in writing. If their account was \$3,000 or greater we would first seek their consent to proceed with the transfer.

Since the Australian Securities and Investments Commission (ASIC) released Information Sheet 90, requiring member consent before transfer, Cross Fund Matching has not been provided. We are currently exploring other cost effective ways of assisting members to consolidate their accounts.

Locating current addresses

Many of our members are deemed 'lost' because we or their previous fund do not have a current address for them. Where members have given consent, we look for lost members' current addresses through the services of external agents.

Since 12 March 2014, AUSfund can only update a member's address if the member has provided consent to do so. The Australian Taxation Office (ATO) also provides AUSfund with current member addresses.

2. How Super works

Super is a tax effective means of saving for your retirement which is, in part, compulsory. If you are employed and earn at least \$450 per month (before tax) your employer is generally required to make regular super contributions on your behalf. This is called the Superannuation Guarantee (SG). You generally have the right to choose which fund your SG contributions are paid into.

Super is a long term investment for your retirement and super savings are generally taxed at concessional rates. However, as a result, the Government has placed a number of restrictions/limitations on your ability to access and withdraw your super savings.

You should read the 'Important Additional Information' brochure which explains more about how super works including accessing your super savings before making a decision to remain invested with AUSfund. This brochure is available at no cost to you from our website or by contacting us. The information about how super works may change between the time you read this PDS and the day you become a member of AUSfund. You can also find out more information on super from the ASIC website moneysmart.gov.au.

3. Benefits of investing with AUSfund

AUSfund has been awarded the HERON Partnership's 'Top Rated ERF' eight times including 2014 as well as SuperRatings' 'Eligible Rollover Fund of the Year' five years in a row from 2007 to 2011 and a Platinum rating since 2012.

AUSfund does not offer the range of services regular super funds do, such as accepting contributions, providing insurance or investment choice.

The main benefits of having your super invested in AUSfund are:

- low fees
- a single diversified investment strategy
- our commitment to reconnecting members with their inactive accounts
- we encourage our members to consolidate their super accounts with their active super account so all their super is in the one place and is easier to keep track of.

When your super account is transferred to AUSfund from your previous fund, complete with your last known address, we will send you a welcome letter which includes details of your super along with a copy of this PDS.

Each year we will send you an annual statement detailing any contributions received from the ATO, transfers received from other super funds, investment earnings, fees and charges and the balance of your account to 30 June.

You can access the Annual Report by downloading it from our website unclaimedsuper.com.au. If you would like a copy mailed to you, you can request one by calling **1300 361 798**.

4. Risks of Super

Super is a type of investment and all investments carry a degree of risk. For example:

- the value of your investment may go up and down
- investment returns can vary and future returns may be different from past returns
- investment returns are not guaranteed and you may lose some of your money
- global and domestic economic conditions may impact on the returns of various asset classes.

In investment terms, risk commonly refers to the degree of potential volatility or fluctuation in the value of an asset or class of assets, including the possibility of negative returns.

Returns and risks vary between different types of assets and investment strategies. However, all investments entail some risk and, generally speaking, the greater the expected return, the greater the expected risk.

By investing across a number of different asset classes, such as shares, fixed interest, cash etc., AUSfund aims to diversify the risk associated with its investments while still generating competitive levels of return for its members.

In addition to investment risk there are other risks associated with your investment in super.

For example:

- changes in super or tax law may affect how and when you can access your investment
- the amount of super savings you have may not be enough to provide adequately for your retirement.

The level of investment risk with which you are comfortable will depend on a number of factors including your investment goals, risk tolerance, age, investment timeframe and the nature of any non-super assets which you may have.

You should read the important additional information about the 'Risks of super' including a summary of the likely risk and return of each asset class before making a decision to continue your investment in AUSfund.

This information is in the 'Important Additional Information' brochure available at no cost to you from our website unclaimedsuper.com.au or contact us on **1300 361 798**. This information about the risks of super may change between the time when you read this PDS and the day when you become a member.

5. How we invest your money

Unlike most super funds, AUSfund does not offer a choice of investment, but instead pools all funds into one portfolio with a diversified investment strategy that aims to produce competitive returns at a moderate level of risk.

Whilst we do not offer choice of investment you should still consider the level of risk you are prepared to accept, your required investment return and your investment timeframe to determine if AUSfund is appropriate for you.

As there is only a single investment portfolio there is no ability for you to switch investments within AUSfund.

AUSfund's investment strategy at a glance

The Trustee of AUSfund has chosen a diversified investment strategy to provide security to members' funds over the medium term. It is suited to those wanting competitive returns at a moderate level of market risk.

The overall investment type is a mix of shares, property, alternative assets, fixed interest and cash aiming to provide a mix of income and capital growth over the medium term.

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 seven years (or approximately three years in every 20 years).
- 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 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 Consumer Price Index) plus 2.5% per annum over rolling ten year periods at least two thirds of the time; and
- The portfolio's liquidity should be maximised without materially affecting investment returns.

AUSfund performance

In the year ended 30 June 2014, AUSfund credited 11.6% p.a. to AUSfund member accounts. AUSfund’s average crediting rate for the 5 years to 30 June 2014 was 8.12% p.a. and for 10 years was 6.85% p.a. However, past performance is not an indicator of future performance. Assets may rise or fall in value.

Strategic asset allocation

As at the date of this PDS the AUSfund strategic asset allocation is:

Asset class	Strategic asset allocation %	Allocation range %
Australian equities	24.0	15.0 – 35.0
International equities	20.0	10.0 – 30.0
Private equity	4.0	0.0 – 12.0
Listed property	0.0	0.0 – 15.0
Australian alternative debt	2.0	0.0 - 7.5
Australian fixed interest	19.0	5.0 – 35.0
International fixed interest	21.0	5.0 – 35.0
Cash	10.0	5.0 – 20.0

We may change the types of investments and allocation to any particular type of investment at any stage. We will tell you if this happens.

Socially responsible investment

AUSfund is different from many super funds. It is an ERF which serves as a temporary repository for super accounts. As a result, we do not offer investment choice and we do not have a ‘Socially Responsible Investment’ option. AUSfund does not take into account labour standards or environmental, social or ethical considerations in its investment decisions.

The investment returns quoted on your Annual Member Statement are an average for the Fund and your personal return may differ depending on, for example, when you joined AUSfund, and the date you exit the Fund. Please note, past performance is not an indication of future performance. The Fund has an investment strategy which aims to produce competitive returns at a moderate level of risk. Results should be considered in this context.

6. Fees and costs*

Consumer advisory warning:

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, **the Australian Securities and Investments Commission (ASIC) website www.moneysmart.gov.au** has a superannuation fee calculator to help you check out different fee options.

This section shows fees and other costs you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Fund assets as a whole. Taxation costs are detailed on pages 12–13 of this PDS.

* The Commonwealth Government introduced fee disclosure reforms that apply to most superannuation funds. As part of these reforms, funds must include in their Product Disclosure Statement a standardised Fees and Costs section. Most of the information contained in the following section is prescribed by the Federal Government and cannot be altered. We would like to highlight that the Fund is unable to negotiate lower contribution fees and management costs as described in the consumer advisory warning box.

The information in this table can be used to compare costs between different super funds. You should read all the information about fees and costs as it is important to understand their impact on your investment.

AUSfund		
Type of fee ¹	Amount	How and when paid
<i>Investment fee</i>	Nil	Not applicable
<i>Administration fee</i>	\$14.00 ²	Deducted annually from your account on 30 June and when you exit the Fund.
<i>Buy-sell spread</i>	Nil	Not applicable
<i>Switching fee</i>	Nil	Not applicable
<i>Exit fee</i>	Nil	Not applicable
<i>Advice fees</i>	Nil	Not applicable
Other fees and costs ²		
<i>Trustee operational costs</i>	-(0.23%) ³	Deducted monthly, directly from the Fund when applicable
<i>Investment costs</i>	+0.31% ³	Deducted monthly, directly from the Fund
<i>Indirect cost ratio</i>	+0.08% ⁴	

1 For fee definitions, go to the ‘Fees and costs’ section of the ‘Important Additional Information’ brochure, available from our website at <https://unclaimedsuper.com.au/about-ausfund-super/forms-documents-financials-and-policies/> or by contacting us.

2 For further details, refer to ‘Additional explanation of fees and costs’ on page 11.

3 These costs are estimated amounts based on the Indirect Cost Ratio (ICR) for the period ending 30 June 2014. For further details, refer to ‘Indirect Cost Ratio’ on page 11.

4 This is an estimate based on the Indirect Cost Ratio (ICR) for the period ending 30 June 2014. For further details, refer to ‘Indirect Cost Ratio’ on page 11. In 2013/2014, the Administration Fee was charged to all members of the Fund and Member Benefit Protection no longer applied. As a result, the Administration fee more than covered the administration costs and Trustee operational costs, and partly offset investment costs.

Example of annual fees and costs for AUSfund

This table gives an example of how the fees and costs for AUSfund can affect your superannuation investment over a one year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE - AUSfund		BALANCE OF \$50,000
Investment fees	Nil	For every \$50,000 you have in AUSfund, you will be charged \$0 per year.
PLUS Administration fee	\$14 per year	And , you will be charged \$14 in administration fees regardless of your balance
PLUS Indirect costs for AUSfund	0.08% ¹	And , indirect costs of \$40.00 each year will be deducted from your investment
EQUALS Cost of fund		If your balance was \$50,000, then for that year you will be charged fees of \$54.00 for AUSfund.

Additional explanation of fees and costs

Administration fee

The Administration fee is charged annually at 30 June and if you exit the Fund during the year. If your account balance is \$14.04² or less, immediately before your benefit is claimed, your account will lapse and no benefit will be payable.

Indirect Cost Ratio (ICR)

The indirect cost ratio (ICR), for AUSfund, is the ratio of the total of the indirect costs to the total average net assets of AUSfund. A fee deducted directly from a member’s account is not included in the ICR.

The ICR costs in the fee table on page 10 are estimates based on the ICR for the financial year ending 30 June 2014. In future years, the ICR may be higher or lower than the amount shown. The actual amount will be disclosed each year on the AUSfund website unclaimedsuper.com.au.

¹ These costs are estimated based on AUSfund’s ICR shown above

² Amounts below 5 cents are not legal currency and the account cannot be maintained below that level

Changes to AUSfund’s fees and costs

AUSfund is committed to maintaining low fees for members. AUSfund’s Trust Deed allows us to increase or alter our fees (except for Government charges) and we will notify you at least 30 days in advance of any increase in fees or charges. AUSfund does not pay fees to financial advisers.

Investment management costs, the expenses for investing the assets, are based on investment manager fees and asset allocation, and may vary without prior notice, or without members’ consent.

You should read the important information about the ‘Fees and costs’ before making a decision to invest. Go to the ‘Important Additional Information’ brochure available from our website unclaimedsuper.com.au at no cost to you or contact us.

This information about the fees and costs may change between the time when you read this PDS and the day when you acquire the product.

7. How super is taxed

Below is a general summary of how super is taxed. However, as the taxation of super is complex, we recommend you obtain professional tax advice that takes account of your own personal circumstances.

Tax on contributions to a super fund

Personal before tax contributions such as employer or salary sacrifice, also known as concessional contributions, are taxed at 15% as no tax has been paid on them and will be deducted when received by the Fund. Please note AUSfund cannot accept employer and member contributions.

Personal after tax contributions, also known as non-concessional contributions, you make into super, are not taxed as tax has already been paid.

Contribution limits

For both types of contributions mentioned previously the Government has set limits on the amounts that can be added to super. If these limits are exceeded you will pay additional tax on the excess contributions.

For before tax contributions that exceed the limit you will be taxed an additional 30% (plus the Medicare Levy) on the amounts in excess of the limit. Additionally any concessional contribution that exceeds the concessional contribution limits will be counted towards your non-concessional limit.

For after tax contributions that exceed the limit you may be taxed at 30% plus the Medicare Levy on the amounts in excess of the limit.¹

¹ At the time of printing legislation to allow members to withdraw excess non-concessional contributions has not been passed.

Tax on investment earnings of the Fund

Investment earnings by the Fund are taxed at a maximum rate of 15%, with most capital gains taxed at a discounted rate of 10%. As a result of certain investment types the Fund may obtain the benefit of tax credits which will reduce the amount of overall tax the Fund pays.

Tax payable by the Fund is deducted from its earnings prior to it being credited to members’ accounts.

Tax on withdrawals

You may have to pay tax when you withdraw money from the Fund. The amount paid will depend on your own circumstances, including your age, how long you have been in a super fund and how your super benefit is paid.

Age	Component	Tax payable
Aged 60 and over	No tax payable.	
Preservation age ² to age 59	Tax free	Nil
	Taxable	First \$185,000 ¹ is tax free Rest is taxed at 15% (plus the Medicare Levy)
Below preservation age ²	Tax free	Nil
	Taxable	Taxed at 20% plus the Medicare Levy

If you are rolling your benefit over to another super fund no tax is payable.

If you are a temporary resident

If your benefit is paid to you as a temporary resident who is permanently departing Australia, higher tax rates will apply. Contact the ATO for details.

What tax is paid on death benefits?

No tax is paid on death benefits paid to a dependant as defined in the tax legislation. The taxable component of a lump sum paid to a non-dependant is taxed at 15% plus the Medicare Levy. Contact AUSfund for further details.

¹ This is the lifetime amount indexed annually in line with average weekly earnings

² See Important Additional Information for details about preservation age

8. How to open an account

You cannot open an account by making a contribution to AUSfund, nor make contributions to an existing account. However, you can transfer your super account to AUSfund from another regulated super fund. Before you decide to do this, you should note that AUSfund does not provide insurance cover, does not provide investment choice and cannot accept employer or member contributions.

Tax File Numbers (TFNs)

It is important that you provide us with your TFN to ensure you do not pay additional tax on your super benefits. While it is not a legal requirement to provide your TFN there are consequences of not doing so.

If we do not have your TFN withdrawal benefits over \$200 will be taxed at the highest marginal rate (plus the Medicare Levy).

Under the Superannuation Industry (Supervision) Act 1993, we are authorised to collect your TFN, which will only be used for lawful purposes. These purposes may change in the future as a result of legislative change.

If your previous super fund transferred your benefit to AUSfund, they may have provided your TFN to us unless you instructed them not to. If that fund did not have your TFN and you have not provided it to us, you can do so by visiting unclaimedsuper.com.au and providing it online or calling **1300 361 798**.

Anti-Money Laundering and Counter Terrorism Financing

Under the Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Act 2006, businesses which provide a designated service have a number of obligations aimed at reducing the risk they are being used to launder money or finance terrorism. These obligations include collecting and verifying information about an investor's identity. In order for us to meet our AML/CTF obligations, members who request a payment from AUSfund will be required to provide identification to verify their identity and ensure compliance with the legislation. For further details please contact us on **1300 361 798**.

Cooling-off period

Most members of AUSfund have been transferred from another super fund rather than joining directly. The cooling-off period does not apply to members who have been transferred from another fund. However, you can transfer your money from AUSfund to an active account in a regulated super fund at any time.

Privacy

We recognise that your privacy is important to you. As a member of AUSfund you agree to us collecting, maintaining and using personal information about you that is necessary to maintain your account in AUSfund.

The Privacy Policy applying to AUSfund is available on the AUSfund website at unclaimedsuper.com.au

We will not use or disclose your personal information for any other purpose without your consent, except where required by law.

When you become a member of AUSfund, you agree to allow us to provide access to your personal information to external service providers to provide services to you on our behalf, such as custodians and administrators. They are required to meet the Australian Privacy Principles when using your personal information for the purposes of administering your investment in AUSfund.

The personal information collected by us includes your contact details, date of birth and TFN (if you have chosen to quote it). Over time, this will be supplemented with financial and other information necessary to administer your investment.

We have strict security measures in place and staff who handle your personal information have the knowledge, skills and commitment to protect it from unauthorised access or misuse. As a Fund member, you may ask to see the information we hold about you and to have it corrected where appropriate.

If you do not provide us with the personal information we request, we may not be able to carry out your requests or provide you with the services set out in this PDS. In addition, you may also incur additional tax.

To find out more about the personal information we hold and how it is handled, or to access it, or if you wish to make a complaint about a possible breach of privacy, please call us on **1300 361 798**.

If you would like more information about the Privacy Act, you can contact the Australian Information Commissioner's hotline service on **1300 363 992** or visit oaic.gov.au.

Complaints

AUSfund works hard to make sure that you do not have cause to make a complaint. However, if you do have a complaint we will ensure it is resolved as soon as possible. If you wish to make a complaint please contact us using the details below:

AUSfund Complaints Officer or email: admin@ausfund.net.au
PO Box 543 or phone: **1300 361 798**
Carlton South VIC 3053

If we cannot resolve your complaint, you may contact the Superannuation Complaints Tribunal (SCT) on **1300 780 808** or at www.sct.gov.au. The SCT cannot consider your complaint unless our internal dispute resolution process has been completed.

How to contact us

Phone: **1300 361 798**
Overseas callers **+61 3 9814 6400**

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

Fax: **1300 366 233**

Website: unclaimedsuper.com.au

Email: admin@ausfund.net.au

Mail: **The AUSfund Administrator**
PO Box 543
Carlton South VIC 3053