

# Annual report 2011-2012

Sunsuper Solutions  
Sunsuper Corporate  
Sunsuper Pension



Angela Walsh  
*member*



Sue & William Krays  
*members*

# Contents

Board report	<b>1</b>
Investment options	<b>2</b>
Investment managers	<b>13</b>
Professional advisers	<b>14</b>
Sunsuper's Reserve	<b>14</b>
The Board	<b>15</b>
Compliance	<b>17</b>
Financial statements	<b>19</b>

# Board report

The Board is pleased to present the Sunsuper *Annual report* for the financial year ended 30 June, 2012.



We are delighted to report that in 2011–12, we cemented our position as the nation's leading superannuation fund by winning both *Money* magazine's and SuperRatings' prestigious Fund of the Year awards. We outperformed our competitors against 400 different criteria to win these awards including member services, financial advice, investment performance, and low fees. We also continued to be awarded again this year with the highest possible ratings from a number of the nation's key independent superannuation ratings agencies, including Chant West, SuperRatings, Selecting Super and The Heron Partnership.

Undoubtedly the last 12 months have continued to provide challenges for markets the world over with unprecedented economic events in Europe contributing to ongoing market volatility. But the diversified investment approach we have adopted provides members with a firm basis on which to expect higher returns over the long-term. Indeed, despite the difficult investment conditions, our long-term results are strong and position us as one of the industry's better performers, with both our super and pension Balanced options successfully outperforming the industry median over 5, 7 and 10 years.\*

We have also seen steady fund growth, with over \$19 billion of funds under management as at 30 June, 2012.

Throughout the year we have remained sharply focussed on maximising members' retirement benefits. Our 'profit-for-members' philosophy benefits our members through low fees and improved services. In fact, one of our biggest achievements this year was the launch of *Sunsuper for life* – a product that will help our members manage their retirement savings from their very first day of work right throughout their lives and well into retirement. It is one of the first of its kind to be offered in Australia and includes all the benefits members have come to expect including access to a full range of investment options, financial advice, and a broad range of online services – and all for some of the lowest fees in the industry.

In other highlights, we strengthened our financial advice offering with one in four of our customer services representatives now trained to give members general advice about super over the phone. And with our plans to boost this number to more than 40 by the end of the year, as well as our team of 20 qualified financial planners who can manage more complex financial planning issues, members can expect all the help they need with their retirement savings.

We are also proud to report that we have joined with the community in the fight against cancer this year, through our support of the Ride to Conquer Cancer.

With more than one million members and almost 600 staff, there would be very few among us who will not be touched by the disease at some point in our lives. It's a cause very close to our hearts, and we are pleased in some small way to play a role in helping to find a cure.

## The year ahead

We remain committed to providing a high level of service to our customers and will continue to focus on developing initiatives to help members maximise their retirement dollars.

Specific areas of focus will be to continue to understand our members' super needs in order to offer more tailored products and services, drive down costs through new technology and greater efficiencies, and take advantage of lucrative investment opportunities as they arise. We are also preparing for the launch of new government initiatives next year like MySuper and SuperStream. Long mindful of the changing environment, we are well-placed to respond to these developments.

Finally, the Board would like to take this opportunity to thank Chief Executive Officer Tony Lally, his senior management team, and all the staff of Sunsuper for their outstanding performance in what has been a difficult investment environment.

\*Source: SuperRatings Fund Crediting Rate Survey June 2012 and SuperRatings Pension Fund Crediting Rate Survey June 2012. See [superratings.com.au](http://superratings.com.au) for more information.

# Investment options

We recognise that choosing the right investment option or options can make a big difference to your retirement income and that choosing the right investment option or options depends on your personal circumstances and your retirement goals.

At Sunsuper we have identified the following four broad investment profiles for members:

- Growth – investors who want to generate wealth over the long-term, but with less risk than being invested solely in shares,
- Balanced – investors who want to generate wealth over the long-term, while being sensitive to the relative performance of other large Australian superannuation funds,
- Retirement – investors who are close to or have reached retirement who want to generate wealth over the medium to long-term, while providing some reduction to the fluctuation of returns in the short-term, and
- Conservative – investors who seek less volatile returns for their super while maintaining some growth exposure. Using their money in the short-term is likely to be their main purpose.

We offer a range of investment options to match each of these four broad investment profiles. However, we also recognise that not everyone fits into these broad profiles and therefore we offer a wide range of other diversified and single asset class investment options.

For more details, refer to the panels on pages 3 to 12.

## Changes to investment options

During the year we changed the Australian Shares investment objective from beating its performance benchmark by 1–2% p.a. to 1% p.a. This change came into effect as of 7 December 2011.

## Investment objectives and strategies

Sunsuper's overall investment objectives are to:

- maximise the real long-term investment returns (after investment tax and fees) subject to the expected risk profiles for each investment option,
- implement an investment manager configuration for each investment option which will in the long-term outperform the benchmark return and peer groups,
- avoid exposing each investment option to inappropriate risk through diversification of investments and of managers, and
- maintain sufficient liquid assets so as to pay all benefit and expense obligations in full when due.

The investment objectives and asset allocation for each of the investment options are set out in the panels on pages 3 to 12.

## About Sunsuper's investment options

Sunsuper offers 20 investment options. There are five diversified options, 13 single asset class options, and two special options, for members who are looking for something a bit different.

The investment options we offer are designed to cater for a wide range of investor needs, and include:

- active and index options,
- single-manager and multi-manager options, and
- hedged and unhedged options.

Refer to page 16 for further information.

## Investment fees and costs

### Estimated base and performance fees for 2012/2013

The investment option panels on pages 3 to 12 show the estimated base and performance fees for 2012/2013.

These are our best estimates based on recent experience and current long-term expectations for ongoing investment costs. Performance fees are difficult to predict because the level of out-performance by managers is difficult to forecast.

We monitor the ongoing investment costs for each option and the investment fees deducted will not be more than the actual costs incurred. However, due to a number of factors including changes in the investment manager mix or investment manager fees, the actual investment fees may differ from the estimated investment fees. We will let you know the actual investment fees at the end of the 2012/2013 financial year.

### Actual investment fees for 2011/2012

All superannuation funds incur investment fees to cover the costs of investing and managing investments for their members. In line with our profit-for-members philosophy, Sunsuper does not profit from investment fees.

We report the investment fee in two components, the base fee and the performance fee. These are calculated as a percentage of the total assets managed in each investment option. The actual investment fee for each investment option for the 2011/2012 financial year, is shown in the panels on pages 3 to 12. Some investment managers for the 2011/2012 financial year have been paid a performance fee as a result of outperforming their performance targets.

Sunsuper believes paying performance fees to its investment managers encourages sustained performance and avoids rewarding managers for underperformance. If an investment manager who has the potential to earn a fee underperforms their target, the investment manager will need to overcome their underperformance in future periods before another performance fee can be earned.

For more information on investment fees and costs, including buy/sell spreads, please refer to either the *Sunsuper for life Product Disclosure Statement* or the *Sunsuper Corporate Product Disclosure Statement*.



## GROWTH

### Growth

DESCRIPTION

Investment in a diversified mixture of assets, primarily invested in Australian and international shares and a range of unlisted growth assets for exposure to economic growth.

**Designed for members who:**

Are wanting to generate wealth over the long-term, but with less risk than an option invested solely in shares.

INVESTMENT OBJECTIVES

**Investment return objective:**

Beat inflation over 7 to 10 years: *Super-savings account* and *Sunsuper Corporate* by 5% p.a. (after investment fees and taxes) and *Income account* by 5.5% p.a. (after investment fees).<sup>1</sup>

**Style:** Multi-asset class, multi manager, active.

**Currency:** Combination of hedged and unhedged.

**Minimum suggested timeframe:** 7 years.

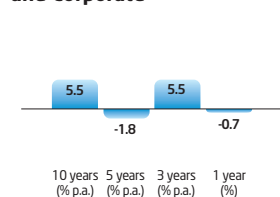
ASSET ALLOCATION

	Actual % as at 30/06/11	Actual % as at 30/06/12	Strategic % as at 01/07/12	Allowable range % as at 01/07/12
Australian shares	28.1	28.0	30	0-50
International shares	29.7	29.2	30	0-70
Private capital	11.1	11.6	10	0-20
Property	8.4	8.8	9	0-30
Infrastructure	4.7	4.7	5	0-20
Fixed interest	5.3	5.2	5	0-20
Hedge funds	11.1	11.2	10	0-20
Cash	1.6	1.3	1	0-20

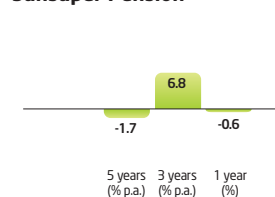
INVESTMENT RETURNS<sup>2</sup>

For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



**Sunsuper Pension**



Since commencement: 6.5% p.a. (December 2002)

INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.60% p.a.
- **Performance fee:** 0.13% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.59% p.a.
- **Performance fee:** 0.14% p.a.
- **Buy/sell spread:** Nil

## BALANCED

### Balanced

DESCRIPTION

Investment in a diversified mixture of assets, with a large allocation to Australian shares and international shares for exposure to economic growth.

**Designed for members who:**

Are wanting to generate wealth over the long-term, while being sensitive to the relative performance of other large Australian superannuation funds.

INVESTMENT OBJECTIVES

**Investment return objective:**

Outperform the median of similar super funds over 5 to 7 years.

Beat inflation over 7 to 10 years: *Super-savings account* and *Sunsuper Corporate* by 4% p.a. (after investment fees and taxes) and *Income account* by 4.5% p.a. (after investment fees).<sup>1</sup>

**Style:** Multi-asset class, multi manager, active.

**Currency:** Combination of hedged and unhedged.

**Minimum suggested timeframe:** 5 years.

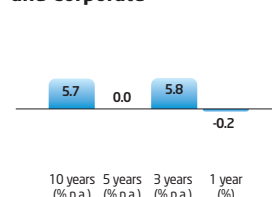
ASSET ALLOCATION

	Actual % as at 30/06/11	Actual % as at 30/06/12	Strategic % as at 01/07/12	Allowable range % as at 01/07/12
Australian shares	26.9	27.1	28	0-50
International shares	26.9	26.8	27	0-70
Private capital	7.6	7.8	7	0-15
Property	8.7	8.9	9	0-30
Infrastructure	4.8	4.8	5	0-20
Fixed interest	12.9	12.8	13	0-25
Hedge funds	7.6	7.7	7	0-25
Cash	4.6	4.1	4	0-25

INVESTMENT RETURNS<sup>2</sup>

For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



**Sunsuper Pension**



INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.55% p.a.
- **Performance fee:** 0.10% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.51% p.a.
- **Performance fee:** 0.11% p.a.
- **Buy/sell spread:** Nil

1. No investment tax generally applies for Income accounts in *Sunsuper for life*.

2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.

3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

## RETIREMENT

### Retirement

DESCRIPTION

Investment in a diversified mixture of assets.

**Designed for members who:**

Are close or have reached retirement. It is structured to generate wealth over the medium to long-term, while providing some reduction to the fluctuation of returns in the short-term.

INVESTMENT OBJECTIVES

**Investment return objective:**

Beat inflation over 5 to 7 years: *Super-savings account* and *Sunsuper Corporate* by 3.5% p.a. (after investment fees and taxes) and *Income account* by 4% p.a. (after investment fees).<sup>1</sup>

**Style:** Multi-asset class, multi manager, active.

**Currency:** Combination of hedged and unhedged.

**Minimum suggested timeframe:** 5 years.

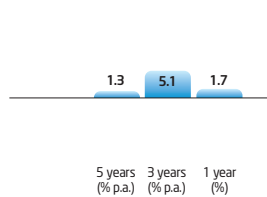
ASSET ALLOCATION

	Actual % as at 30/06/11	Actual % as at 30/06/12	Strategic % as at 01/07/12	Allowable range % as at 01/07/12
Australian shares	18.7	18.7	18	0-50
International shares	18.1	16.4	17	0-55
Private capital	4.5	5.9	5	0-15
Property	8.4	8.0	9	0-30
Infrastructure	4.6	4.6	5	0-20
Fixed interest	29.4	29.8	30	0-50
Hedge funds	6.9	6.8	7	0-15
Cash	9.4	9.8	9	0-25

INVESTMENT RETURNS<sup>2</sup>

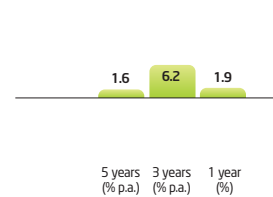
For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



Since commencement: 5.5% p.a. (October 2002)

**Sunsuper Pension**



Since commencement: 6.6% p.a. (February 2003)

INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.55% p.a.
- **Performance fee:** 0.07% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.52% p.a.
- **Performance fee:** 0.09% p.a.
- **Buy/sell spread:** Nil

## CONSERVATIVE

### Conservative

DESCRIPTION

Investment in a diversified mixture of assets, with an emphasis on fixed interest and cash assets.

**Designed for members who:**

Are seeking less volatile returns for their super while maintaining some exposure. Using your money in the short-term is likely to be your main purpose.

INVESTMENT OBJECTIVES

**Investment return objective:**

Returns after investment fees and taxes (where applicable<sup>1</sup>) of 1% p.a. above the UBS Australia Bank Bill Index after investment tax (where applicable<sup>1</sup>) over periods of 2 to 5 years.

**Style:** Multi-asset class, multi manager, active.

**Currency:** Combination of hedged and unhedged.

**Minimum suggested timeframe:** 3 years.

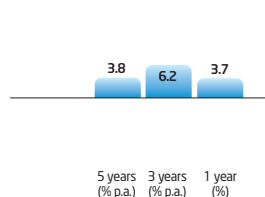
ASSET ALLOCATION

	Actual % as at 30/06/11	Actual % as at 30/06/12	Strategic % as at 01/07/12	Allowable range % as at 01/07/12
Australian shares	10.5	10.3	10	0-15
International shares	10.2	10.1	10	0-30
Private capital	0.0	0.0	0	0-5
Property	5.8	5.5	6	0-20
Infrastructure	3.6	4.1	4	0-20
Fixed interest	44.6	44.9	45	0-50
Hedge funds	6.9	6.9	7	0-15
Cash	18.4	18.2	18	0-100

INVESTMENT RETURNS<sup>2</sup>

For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



Since commencement: 6.1% p.a. (October 2002)

**Sunsuper Pension**



Since commencement: 6.8% p.a. (September 2003)

INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.45% p.a.
- **Performance fee:** 0.07% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.40% p.a.
- **Performance fee:** 0.08% p.a.
- **Buy/sell spread:** Nil

1. No investment tax generally applies for Income accounts in *Sunsuper for life*.  
 2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.  
 3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

## BALANCED

### Balanced – Index

DESCRIPTION

Investment in a mixture of assets, with an emphasis on Australian shares and international shares.

**Designed for members who:**

Are seeking to accumulate wealth over the long-term and who want exposure to a range of publicly traded assets invested in line with standard market indices.

INVESTMENT OBJECTIVES

**Investment return objective:**

Closely match the return of the performance benchmark, before investment tax<sup>1</sup> and fees.

**Performance benchmark:** The strategic weighted return of the market indices for each asset class.

**Style:** Single-manager, index.

**Currency:** Combination of hedged and unhedged.

**Minimum suggested timeframe:** 5 years.

**Additional info:** This option is managed by SSgA.

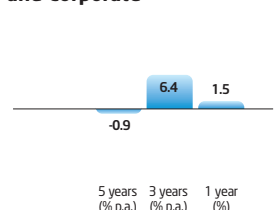
ASSET ALLOCATION

	Actual % as at 30/06/11	Actual % as at 30/06/12	Strategic % as at 01/07/12	Allowable range % as at 01/07/12
Australian shares	35.7	35.2	35	33-37
International shares	25.0	24.9	25	21-29
Property	9.8	10.0	10	6-14
Fixed interest	24.6	24.8	25	21-29
Cash	4.9	5.1	5	3-7

INVESTMENT RETURNS<sup>2</sup>

For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



Since commencement: 5.3% p.a. (October 2002)

**Sunsuper Pension**



Since commencement: 4.3% p.a. (July 2010)

INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.16% p.a.
- **Performance fee:** n/a

**Actual investment fees for 2011/12**

- **Base fee:** 0.16% p.a.
- **Performance fee:** n/a
- **Buy/sell spread:** 0.15%/0.11%

## SHARES

### Shares

DESCRIPTION

Investment in a mixture of Australian and international shares.

**Designed for members who:**

Are seeking to accumulate wealth over the long-term and who can accept full exposure to the ups and downs of share markets.

INVESTMENT OBJECTIVES

**Investment return objective:**

Beat inflation over 7 to 10 years: *Super-savings account* and *Sunsuper Corporate* by 5% p.a. (after investment fees and taxes) and *Income account* by 5.5% p.a. (after investment fees).<sup>1</sup>

**Style:** Multi-manager, active.

**Currency:** Combination of hedged and unhedged.

**Minimum suggested timeframe:** 7 years.

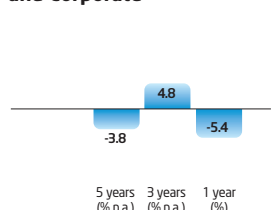
ASSET ALLOCATION

	Actual % as at 30/06/11	Actual % as at 30/06/12	Strategic % as at 01/07/12	Allowable range % as at 01/07/12
Australian shares	50.1	50.0	50	25-75
International shares	49.9	50.0	50	10-90
Fixed interest	0.0	0.0	0	0-30
Cash	0.0	0.0	0	0-20

INVESTMENT RETURNS<sup>2</sup>

For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



Since commencement: 4.4% p.a. (October 2002)

**Sunsuper Pension**



Since commencement: 2.9% p.a. (July 2010)

INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.50% p.a.
- **Performance fee:** 0.07% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.43% p.a.
- **Performance fee:** 0.05% p.a.
- **Buy/sell spread:** Nil

1. No investment tax generally applies for Income accounts in *Sunsuper for life*.

2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.

3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

# SHARES

## Australian Shares

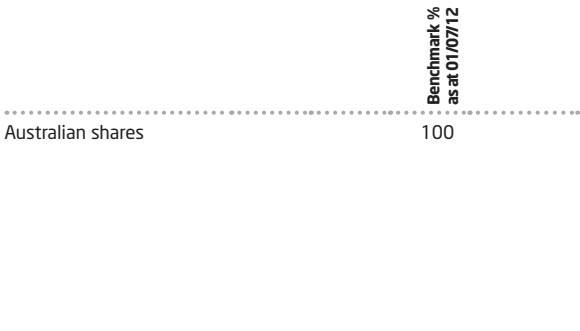
DESCRIPTION

Investment in Australian shares.  
**Designed for members who:**  
 Are seeking to earn returns from investment in the Australian shares asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.

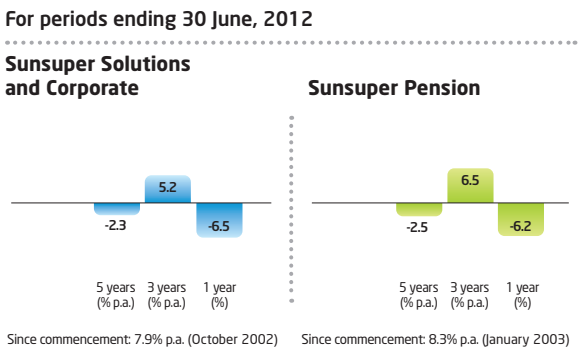
INVESTMENT OBJECTIVES

**Investment return objective:**  
 Beat the performance benchmark by 1% p.a. before investment tax<sup>1</sup> but after investment fees over rolling 5 year periods.  
**Performance benchmark:** S&P/ASX 300 Accumulation Index.  
**Style:** Multi-manager, active.  
**Minimum suggested timeframe:** 7 years.

ASSET ALLOCATION



INVESTMENT RETURNS<sup>2</sup>



INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.30% p.a.
- **Performance fee:** 0.10% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.31% p.a.
- **Performance fee:** 0.08% p.a.
- **Buy/sell spread:** Nil

## Australian Shares – Index

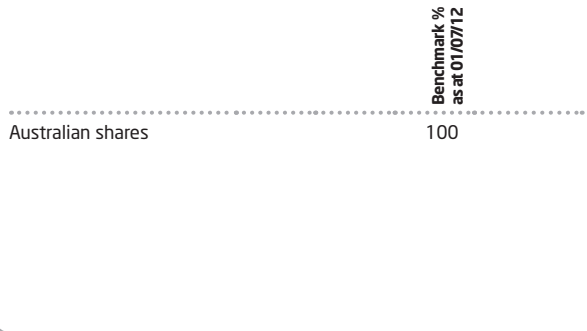
DESCRIPTION

Investment in Australian shares.  
**Designed for members who:**  
 Are seeking to earn returns from investment in the Australian shares asset class with passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.

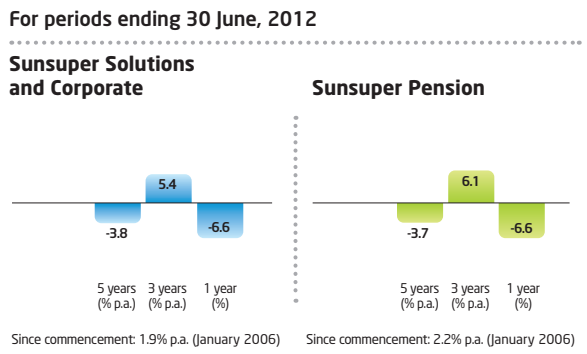
INVESTMENT OBJECTIVES

**Investment return objective:**  
 Closely match the returns of the performance benchmark, before investment tax<sup>1</sup> and fees.  
**Performance benchmark:** S&P/ASX 200 Accumulation Index.  
**Style:** Single-manager, index.  
**Minimum suggested timeframe:** 7 years.  
**Additional info:** This option is managed by SSgA.

ASSET ALLOCATION



INVESTMENT RETURNS<sup>2</sup>



INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.15% p.a.
- **Performance fee:** n/a

**Actual investment fees for 2011/12**

- **Base fee:** 0.15% p.a.
- **Performance fee:** n/a
- **Buy/sell spread:** 0.10% / 0.10%

1. No investment tax generally applies for Income accounts in *Sunsuper for life*.  
 2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.  
 3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.



# SHARES

## International Shares (hedged)

DESCRIPTION

Investment in international shares.

**Designed for members who:**

Are seeking to earn returns from investment in the international shares asset class with most currency exposure being hedged back to the Australian dollar and active management aiming to achieve better long-term returns than available in the standard market index for this sector.

INVESTMENT OBJECTIVES

**Investment return objective:**

Beat the performance benchmark by 1-2% p.a. before investment tax<sup>1</sup> but after investment fees over rolling 5 year periods.

**Performance benchmark:** MSCI All Countries World Index IMI in \$A (hedged).

**Style:** Multi-manager, active.

**Currency:** Combination of hedged and unhedged.

It may not be possible for this product to be 100% currency hedged at all times. Up to 25% of the overseas currency exposure may be unhedged at any point in time.

**Minimum suggested timeframe:** 7 years.

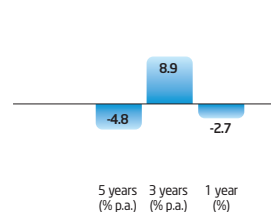
ASSET ALLOCATION



INVESTMENT RETURNS<sup>2</sup>

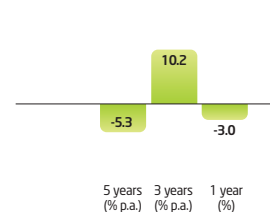
For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



Since commencement: -0.5% p.a. (January 2006)

**Sunsuper Pension**



Since commencement: -0.6% p.a. (January 2006)

INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.65% p.a.
- **Performance fee:** 0.05% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.60% p.a.
- **Performance fee:** Nil
- **Buy/sell spread:** Nil

## International Shares (unhedged)

DESCRIPTION

Investment in international shares.

**Designed for members who:**

Are seeking to earn returns from investment in the international shares asset class with currency exposure unhedged and active management aiming to achieve better long-term returns than available in the standard market index for this sector.

INVESTMENT OBJECTIVES

**Investment return objective:**

Beat the performance benchmark by 1-2% p.a. before investment tax<sup>1</sup> but after investment fees over rolling 5 year periods.

**Performance benchmark:** MSCI All Countries World Index IMI in \$A (unhedged).

**Style:** Multi-manager, active.

**Currency:** Unhedged.

**Minimum suggested timeframe:** 7 years.

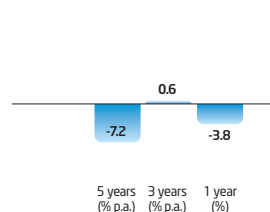
ASSET ALLOCATION



INVESTMENT RETURNS<sup>2</sup>

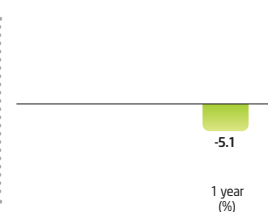
For periods ending 30 June, 2012

**Sunsuper Solutions and Corporate**



Since commencement: -0.6% p.a. (October 2002)

**Sunsuper Pension**



Since commencement: -1.3% p.a. (July 2010)

INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.65% p.a.
- **Performance fee:** 0.05% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.54% p.a.
- **Performance fee:** 0.02% p.a.
- **Buy/sell spread:** Nil

1. No investment tax generally applies for Income accounts in *Sunsuper for life*.

2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.

3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

# SHARES

## International Shares – enhanced index (hedged)

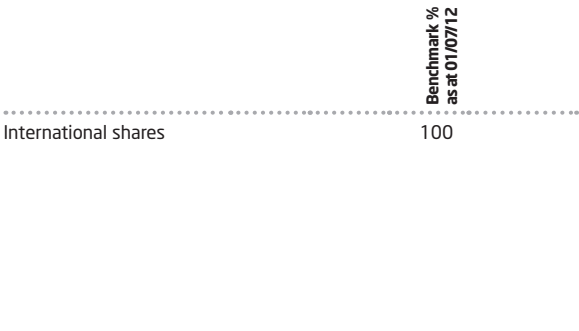
DESCRIPTION

Investment in international shares.  
**Designed for members who:**  
 Are seeking to earn returns from investment in the international shares asset class with currency exposure being hedged back to the Australian dollar and passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.

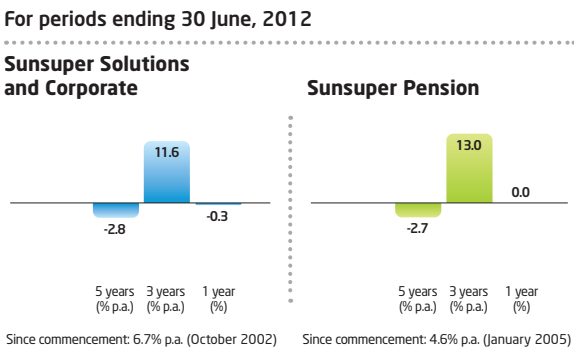
INVESTMENT OBJECTIVES

**Investment return objective:**  
 Beat the performance benchmark by 0.75-1% p.a. before investment tax<sup>1</sup> and fees over rolling 3 year periods.  
**Performance benchmark:** MSCI World Ex-Australia Index in \$A (hedged).  
**Style:** Single-manager, enhanced index.  
**Currency:** Hedged.  
**Minimum suggested timeframe:** 7 years.  
**Additional info:** This option is managed by SSgA.

ASSET ALLOCATION



INVESTMENT RETURNS<sup>2</sup>



INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.25% p.a.
- **Performance fee:** n/a

**Actual investment fees for 2011/12**

- **Base fee:** 0.24% p.a.
- **Performance fee:** n/a
- **Buy/sell spread:** 0.31%/0.26%

## International Shares – enhanced index (unhedged)

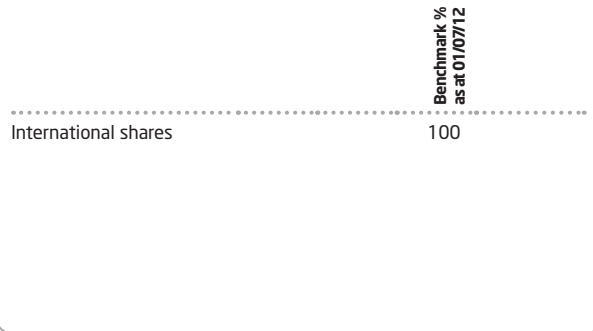
DESCRIPTION

Investment in international shares.  
**Designed for members who:**  
 Are seeking to earn returns from investment in the international shares asset class with currency exposure unhedged and passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.

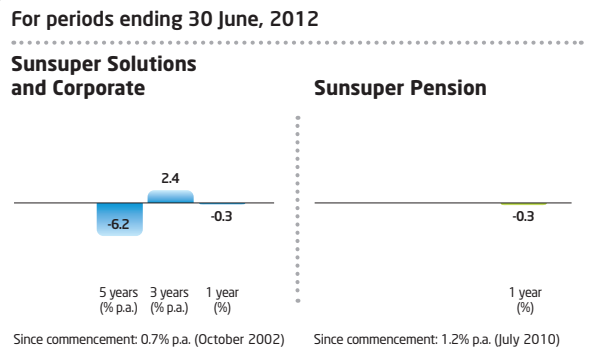
INVESTMENT OBJECTIVES

**Investment return objective:**  
 Beat the performance benchmark by 0.75-1% p.a. before investment tax<sup>1</sup> and fees over rolling 3 year periods.  
**Performance benchmark:** MSCI World Ex-Australia Index in \$A (unhedged).  
**Style:** Single-manager, enhanced index.  
**Currency:** Unhedged.  
**Minimum suggested timeframe:** 7 years.  
**Additional info:** This option is managed by SSgA.

ASSET ALLOCATION



INVESTMENT RETURNS<sup>2</sup>



INVESTMENT FEE<sup>3</sup>

**Estimated investment fees for 2012/13**

- **Base fee:** 0.25% p.a.
- **Performance fee:** n/a

**Actual investment fees for 2011/12**

- **Base fee:** 0.25% p.a.
- **Performance fee:** n/a
- **Buy/sell spread:** 0.30%/0.25%

1. No investment tax generally applies for Income accounts in Sunsuper for life.  
 2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. Sunsuper for life – Super-Savings account (Solutions) and Sunsuper Corporate returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. Sunsuper for life – Income account (Pension) returns are after investment fees have been deducted.  
 3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

# SHARES

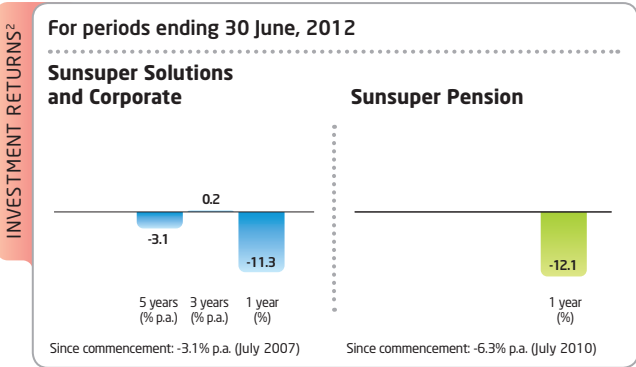
## Emerging Markets Shares

**DESCRIPTION**  
Investment in international shares focusing on emerging markets.  
**Designed for members who:**  
Are seeking to earn returns from investment in the emerging markets shares asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
Beat the performance benchmark by 1-2% p.a. before investment tax<sup>1</sup> but after investment fees over rolling 5 year periods.  
**Performance benchmark:** MSCI Emerging Markets Investable Markets Index in \$A unhedged.  
**Style:** Multi-manager, active.  
**Currency:** In normal circumstances the option is unhedged to Australian dollars. Currency exposures are individually managed by the underlying managers.  
**Minimum suggested timeframe:** 7 years.

**ASSET ALLOCATION**

	Benchmark % as at 01/07/12	Allowable range % as at 01/07/12
International shares emerging	100	70-100
International shares developed	0	0-30



**INVESTMENT FEE<sup>3</sup>**  
**Estimated investment fees for 2012/13**

- **Base fee:** 0.94% p.a.
- **Performance fee:** 0.05% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.53% p.a.
- **Performance fee:** Nil
- **Buy/sell spread:** Nil

# PROPERTY

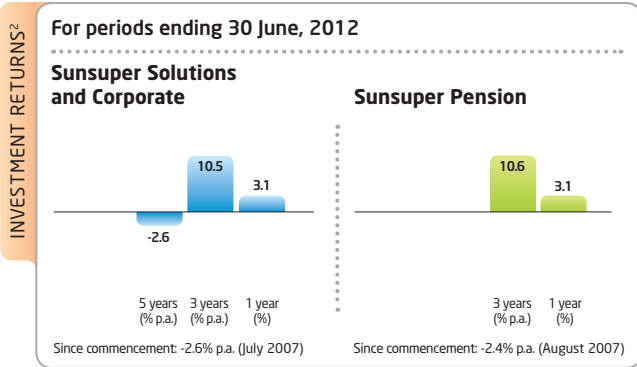
## Property

**DESCRIPTION**  
Investment in Australian and international property.  
**Designed for members who:**  
Are seeking to earn returns from investment in the property asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
Beat the performance benchmark before investment tax<sup>1</sup> but after investment fees over rolling 5 year periods.  
**Performance benchmark:** 50% S&P/ASX 200 A-REIT Index, plus 50% FTSE EPRA/NAREIT Global REIT \$A (hedged).  
**Style:** Multi-manager, active.  
**Currency:** Hedged.  
**Minimum suggested timeframe:** 7 years.

**ASSET ALLOCATION**

	Benchmark % as at 01/07/12
Property	100



**INVESTMENT FEE<sup>3</sup>**  
**Estimated investment fees for 2012/13**

- **Base fee:** 0.90% p.a.
- **Performance fee:** 0.10% p.a.

**Actual investment fees for 2011/12**

- **Base fee:** 0.90% p.a.
- **Performance fee:** 0.05% p.a.
- **Buy/sell spread:** Nil

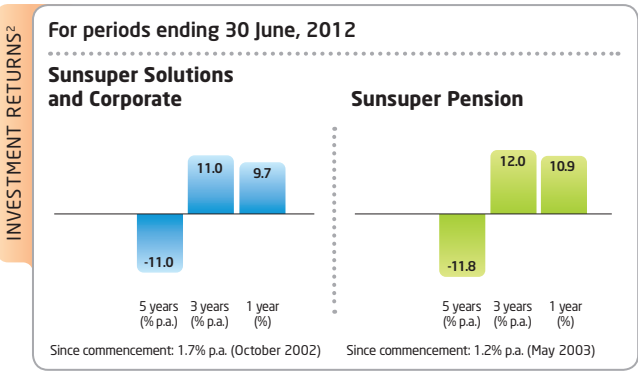
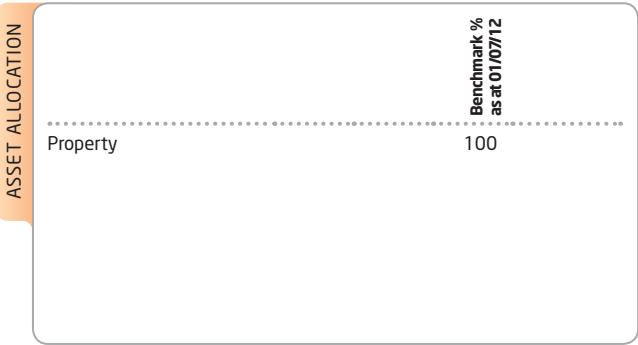
1. No investment tax generally applies for Income accounts in *Sunsuper for life*.  
2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.  
3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

## PROPERTY

### Australian Property – Index

**DESCRIPTION**  
Investment in Australian listed property.  
**Designed for members who:**  
Are seeking to earn returns from investment in the Australian property asset class with passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
Closely match the returns of the performance benchmark, before investment tax<sup>1</sup> and fees.  
**Performance benchmark:** S&P/ASX 200 A-REIT Index.  
**Style:** Single-manager, index.  
**Minimum suggested timeframe:** 7 years.  
**Additional Info:** This option is managed by SSgA.



**INVESTMENT FEE<sup>3</sup>**  
**Estimated investment fees for 2012/13**  
• **Base fee:** 0.15% p.a.  
• **Performance fee:** n/a

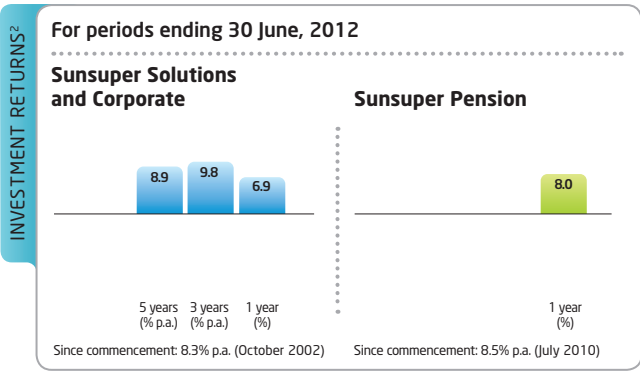
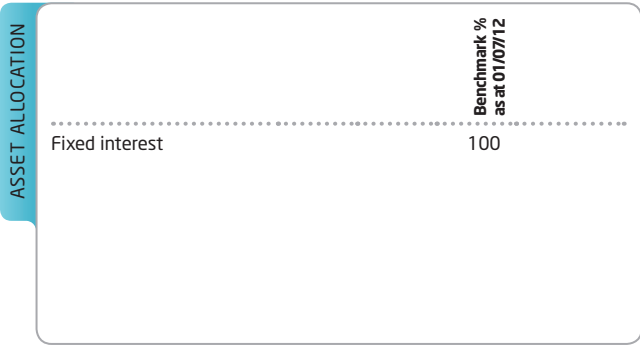
**Actual investment fees for 2011/12**  
• **Base fee:** 0.15% p.a.  
• **Performance fee:** n/a  
• **Buy/sell spread:** 0.10%/0.10%

## FIXED INTEREST AND CASH

### Fixed interest

**DESCRIPTION**  
Investment in fixed interest.  
**Designed for members who:**  
Are seeking to earn returns from investment in the fixed interest asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
Beat the performance benchmark by 0.5-1.0% p.a. before investment tax<sup>1</sup> but after investment fees over rolling 5 year periods.  
**Performance benchmark:** Citigroup World Broad Investment Grade Index in \$A (hedged).  
**Style:** Multi-manager, active.  
**Currency:** Hedged.  
**Minimum suggested timeframe:** 3 years.



**INVESTMENT FEE<sup>3</sup>**  
**Estimated investment fees for 2012/13**  
• **Base fee:** 0.35% p.a.  
• **Performance fee:** 0.02% p.a.

**Actual investment fees for 2011/12**  
• **Base fee:** 0.26% p.a.  
• **Performance fee:** 0.02% p.a.  
• **Buy/sell spread:** Nil

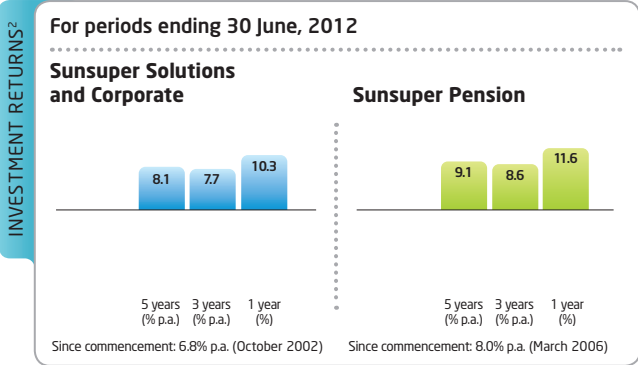
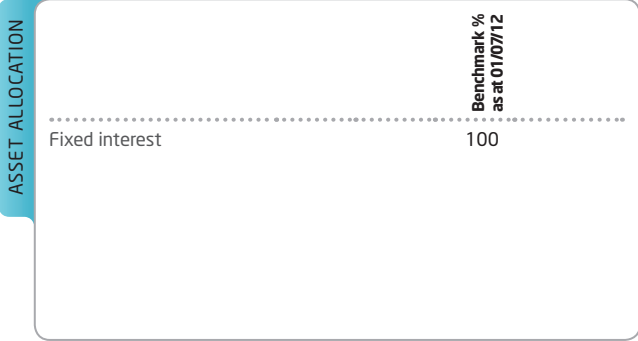
1. No investment tax generally applies for Income accounts in *Sunsuper for life*.  
2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.  
3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

# FIXED INTEREST AND CASH

## Fixed interest – Index

**DESCRIPTION**  
Investment in fixed interest.  
**Designed for members who:**  
Are seeking to earn returns from investment in the fixed interest asset class with passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
Closely match the returns of the performance benchmark, before investment tax<sup>1</sup> and fees.  
**Performance benchmark:** Citigroup World Government Bond Index Ex-Australia \$A (hedged).  
**Style:** Single-manager, index.  
**Currency:** Hedged.  
**Minimum suggested timeframe:** 3 years.  
**Additional Info:** This option is managed by SSgA.



**INVESTMENT FEE<sup>3</sup>**  
**Estimated investment fees for 2012/13**

- **Base fee:** 0.15% p.a.
- **Performance fee:** n/a

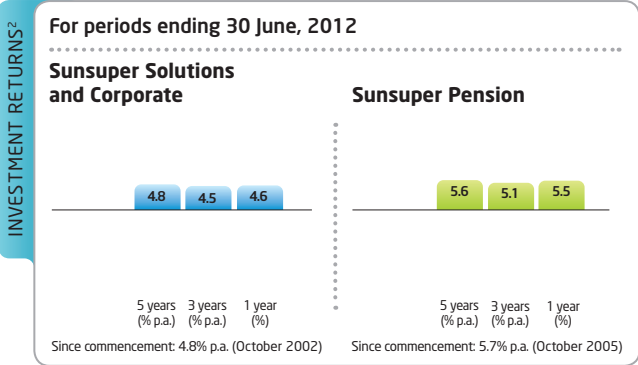
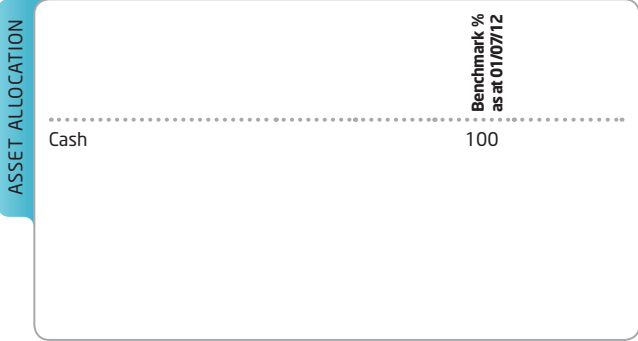
**Actual investment fees for 2011/12**

- **Base fee:** 0.15% p.a.
- **Performance fee:** n/a
- **Buy/sell spread:** 0.06%/0.06%

## Cash

**DESCRIPTION**  
Investment in cash.  
**Designed for members who:**  
Are seeking to accumulate a lump sum or derive income over time by earning returns that are close to the level of short-term interest rates in the Australian economy.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
Match or exceed the returns of the performance benchmark before investment tax<sup>1</sup> but after investment fees.  
**Performance benchmark:** UBS Australia Bank Bill Index.  
**Style:** Multi-manager, active.  
**Minimum suggested timeframe:** 1 year.



**INVESTMENT FEE<sup>3</sup>**  
**Estimated investment fees for 2012/13**

- **Base fee:** 0.10% p.a.
- **Performance fee:** n/a

**Actual investment fees for 2011/12**

- **Base fee:** 0.10% p.a.
- **Performance fee:** n/a
- **Buy/sell spread:** Nil

1. No investment tax generally applies for Income accounts in *Sunsuper for life*.  
2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. *Sunsuper for life - Super-Savings account* (Solutions) and *Sunsuper Corporate* returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. *Sunsuper for life - Income account* (Pension) returns are after investment fees have been deducted.  
3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.



# SPECIAL OPTIONS

## Ethical, Environmental and Socially Responsible Investments

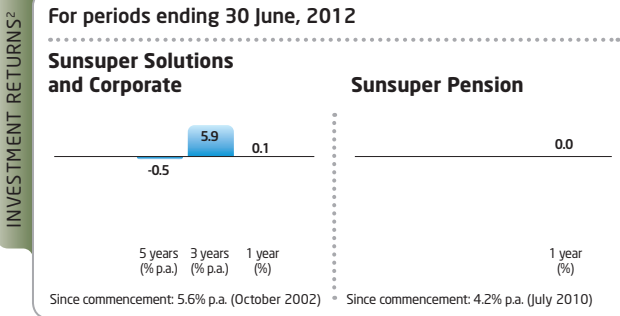
**DESCRIPTION**  
Investment in a portfolio diversified across all asset types, but with an emphasis on shares and property.  
**Designed for members who:**  
Are seeking to accumulate wealth over the long-term and who want to ensure that their investments are made in line with an extended set of environmental, social and governance principles.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
To provide a total return, after costs and before tax (where applicable<sup>1</sup>), higher than the return from the performance benchmark on a rolling 5 year basis.  
**Performance benchmark:** The average weighted return of the market indices used to measure the performance of the underlying funds in which the option invests.  
**Style:** Responsible Investment multi-manager, active and index.  
**Currency:** In normal circumstances, international fixed interest and international property assets are hedged to Australian dollars, while international shares and other international assets may be hedged to Australian dollars.  
**Minimum suggested timeframe:** 5 years.  
**Additional Info:** This option is managed by AMP Capital.  
**Sunsuper SRI certification:** Sunsuper's only certified SRI option is offered through Ethical, Environmental and Socially Responsible Investments.

**ASSET ALLOCATION**

	Actual % as at 30/06/11	Actual % as at 30/06/12	Benchmark % as at 01/07/12	Allowable range % as at 01/07/12
Australian shares	35.5	35.0	36	31-41
International shares	24.6	26.3	26	19-36
Property	14.4	13.1	11	0-26
Fixed interest	23.3	22.0	23	10-36
Cash	2.2	2.5	3	0-8
Alternatives*	0.0	1.1	1	0-6

\*May include infrastructure, and private equity  
The strategic % and allowable ranges effective 1 August 2012 are as follows: Australian shares 33 (26-40), International shares 24.5 (15-40), Property 10 (0-26), Fixed interest 25 (10-36), Cash 6 (0-16) and Alternatives 1.5 (0-6).



**INVESTMENT FEES<sup>3</sup>**  
**Estimated investment fees for 2012/13**  
• **Base fee:** 0.65% p.a.  
• **Performance fee:** 0.02% p.a.  
**Actual investment fees for 2011/12**  
• **Base fee:** 0.65% p.a.  
• **Performance fee:** Nil  
• **Buy/sell spread:** 0.22%/0.22%

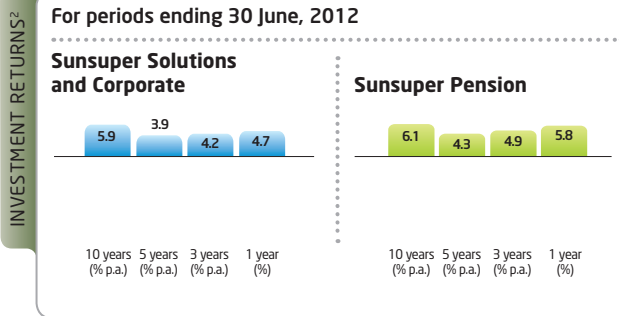
## Capital Guaranteed

**DESCRIPTION**  
Investment in a mixture of cash deposits with Authorised Deposit-taking Institutions (ADIs) and investments in capital guaranteed superannuation products.  
**Designed for members who:**  
Are seeking to accumulate a lump sum or derive income over time with the benefit of guarantees from banks and insurance companies that the value of their investment will not decline.

**INVESTMENT OBJECTIVES**  
**Investment return objective:**  
The option is designed to provide:  
- full security of capital, and  
- modest returns over the medium to long-term.  
- target performance (after investment tax (where applicable<sup>1</sup>) and investment fees) is the return of the performance benchmark over rolling 5 year periods.  
**Performance benchmark:** UBS Australia Bank Bill Index after investment tax (where applicable<sup>1</sup>).  
**Style:** Multi-manager, active.  
**Minimum suggested timeframe:** 5 years.  
**Additional Info:** Where investments are made into capital guaranteed superannuation products issued by life insurance companies or banks, the capital guarantee is provided by the issuing life company or bank. Sunsuper itself does not guarantee the security of capital.  
The Capital Guaranteed option is quite different from other investment options. While the capital value is guaranteed by the issuing life insurance companies or banks not to fall, the trade-off with this guarantee is that your longer-term returns may be lower than some less conservative options. This may limit the chances of achieving your financial goals. You should consider seeking financial advice on alternative investment arrangements before investing in this option. In some unfavourable market conditions, we reserve the right to restrict switches and benefit payments from the capital guaranteed options.

**ASSET ALLOCATION**

	Benchmark % as at 01/07/12
Deposits with ADIs and Capital Guaranteed Investments	100



**INVESTMENT FEES<sup>3</sup>**  
**Estimated investment fees for 2012/13**  
• **Base fee:** 0.50% p.a.  
• **Performance fee:** Nil  
**Actual investment fees for 2011/12 for Sunsuper Solutions and Corporate**  
• **Base fee:** 0.53% p.a.  
• **Performance fee:** Nil  
• **Buy/sell spread:** Nil  
**Actual investment fees for 2011/12 for Sunsuper Pension**  
• **Base fee:** 0.41% p.a.  
• **Performance fee:** Nil  
• **Buy/sell spread:** Nil

1. No investment tax generally applies for Income accounts in Sunsuper for life.  
2. Past performance is not a reliable indication of future performance. Returns are for the periods ended 30 June, 2012. Sunsuper for life - Super-Savings account (Solutions) and Sunsuper Corporate returns are after investment fees and tax have been deducted but before the asset based administration fee of 0.05%. Sunsuper for life - Income account (Pension) returns are after investment fees have been deducted.  
3. It is important to read the information on pages 2 and 16. Buy/sell spreads are as at 30 June, 2012.

# Investment managers (as at 30 June, 2012)

Investment manager	Asset classes	Total (\$mil)
Access Capital	Infrastructure, Fixed Interest	20.1
Acorn	Australian Shares	142.4
AMP Capital <sup>1</sup>	Australian Shares, International Shares, Private Equity, Opportunistic Property, Property, Infrastructure, Fixed Interest, Cash, Capital Guaranteed	1,083.7
Arcadia	Property	75.7
Axa	Capital Guaranteed	110.7
Baillie Gifford	International Shares	448.7
Balanced Equity Management	Australian Shares	1,049.6
Barwon	Private Equity	54.0
BlueCrest	Hedge Funds	104.8
Brandes	International Shares	283.2
Brevan Howard	Hedge Funds	79.1
Bridgewater	Hedge Funds	128.8
Colonial First State	Infrastructure	274.8
Franklin Templeton	Fixed Interest, Private Equity	135.9
GMO	International Shares, Infrastructure, Hedge Funds	1,004.0
GPT	Property	241.1
GSO	Fixed Interest, Hedge Funds	183.0
Hastings	Private Equity, Infrastructure	188.3
Hexam	International Shares	196.5
Invesco	Australian Shares	139.0
LaSalle	Property	86.5
Lazard	International Shares, Private Equity	1,004.9
Macquarie	Private Equity, Property	139.5
Makena	International Shares, Private Equity, Property, Fixed Interest, Hedge Funds, Cash	535.1
Manikay	Hedge Funds	105.4
Maple-Brown Abbott	Australian Shares	622.7
Morgan Stanley	Fixed Interest	896.6
Nephila	Hedge Funds	102.1
Northward	Australian Shares	504.6
Oaktree	Private Equity, Hedge Funds	125.0
Pareto	Currency Overlay	35.2
Pimco	Fixed Interest	86.8
QIC	Property, Cash, Rebalancing Overlay	402.4
Quest	Australian Shares	432.1
Schroders	Fixed Interest	271.2
SSgA <sup>1</sup>	Australian Shares, International Shares, Property, Fixed Interest, Cash	1,271.2
Suncorp	Capital Guaranteed	104.6
TCW	Fixed Interest	475.4
THS	International Shares	515.8
Tribeca	Australian Shares	333.1
Tweedy, Browne	International Shares	590.1
Vinva	Australian Shares	1,173.8
Wellington	Fixed Interest	411.9
Winton	Hedge Funds	71.6
Other	Australian Shares, International Shares, Private Equity, Opportunistic Property, Property, Infrastructure, Fixed Interest, Hedge Funds, Cash, Capital Guaranteed	3,469.6
<b>Total</b>		<b>19,710.6</b>

<sup>1</sup> These managers also invest in multi-asset class portfolios.

## Professional advisers

<b>Administrator</b>	Precision Administration Services Pty Ltd*
<b>Custodian</b>	State Street Australia Limited <sup>1</sup>
<b>Auditor</b>	Deloitte Touche Tohmatsu
<b>Investment consultants</b>	Aksia LLC Ibbotson Associates Australia Ltd Mercer (Australia) Pty Ltd Sovereign Investment Research Pty Ltd
<b>Lawyers</b>	Corrs Chambers Westgarth
<b>Insurers</b>	AIA Australia Limited MetLife Insurance Limited The Colonial Mutual Life Assurance Society Limited MLC Limited OnePath Life Limited Hannover Life Re of Australasia Ltd AMP Life Limited
<b>Actuaries</b>	Shane Mather (Fellow of the Institute of Actuaries of Australia) Towers Watson Australia Pty Ltd

\*Precision Administration Services Pty Ltd is wholly owned by the Sunsuper Superannuation Fund.

<sup>1</sup>During 2011/2012, Sunsuper reviewed its Custodian and replaced National Australia Bank Ltd with State Street Australia Limited effective 1 June 2012.

## Sunsuper's Reserve

The Trustee maintains a general reserve in the Fund for the benefit of members. The reserve is maintained in order to:

- help meet the operating expenses of the Fund,
- assist with the management of the operational risks of the Fund, including meeting losses from events that are either not covered by insurance, or that are not claimed under insurance policies, and
- support the timing differences between the level of investment taxes and investment fees incurred by the Fund and the level of taxes charged to members.

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings. Members' accounts are credited or debited with the actual earnings of their selected investment options.

The reserve may only be invested in:

- the Balanced option:
- low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes); and
- any other investments approved by the Trustee that do not impact on the prudential management of the reserve.

Over the past five years Sunsuper's general reserve has been:

As at 30 June	2012	2011	2010	2009	2008
Reserve (\$mil)	199.3	190.1	150.8	106.9	152.1

The reserve is included in 'Net assets available to pay benefits' as disclosed in the Statement of Net Assets on page 19 of this report.

As part of the Fund's group life insurance arrangements with the insurers, the Trustee may receive profit share distributions. The Trustee uses any profit share distributions to help meet insurance offering costs or to fund insurance related enhancements.

# The Board

The Trustee of the Sunsuper Superannuation Fund is Sunsuper Pty Ltd (ABN 88 010 720 840), which is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence and holds an Australian Financial Services Licence (AFSL) from the Australian Securities and Investments Commission (ASIC).

The Trustee is responsible for managing the Fund, and ensures it operates in the best interests of all members and continues to comply with all legal requirements.

Sunsuper Pty Ltd has a Board of Directors comprising equal numbers of member and employer representatives. As at 30 June, 2012 the representatives on the Board were:

Member representatives	Appointed by
John Battams (Deputy Chair)	Qld Council of Unions
Bill Ludwig	Australian Workers Union of Employees Qld
Ron Monaghan <sup>1</sup>	Qld Council of Unions
Employer representatives	Appointed by
Peter Annand <sup>2</sup>	Qld Chamber of Commerce and Industry Limited
Graham Heilbronn (Chair)	Qld Chamber of Commerce and Industry Limited
Robert Hutchinson	Qld Chamber of Commerce and Industry Limited

<sup>1</sup> Ron Monaghan - Chair Investment Committee as of 1 January, 2012

<sup>2</sup> Peter Annand - Chair Audit, Compliance and Risk Management Committee as of 1 January, 2012

Replacement representatives are appointed by the same employer or union body to ensure there is always equal representation of employees and employers. The Audit, Compliance and Risk Management Committee of the Board is responsible for reporting to and advising the Board on audit, compliance and risk management issues. The members of the Audit, Compliance and Risk Management Committee are appointed by the Board. All members must be Directors of the Trustee, except for the Audit Committee Financial Expert who can be an external, non-Board member. The current Audit Committee Financial Expert is Marian Micalizzi.

Sunsuper has developed and implemented a comprehensive risk management program, which focusses on the identification, analysis, evaluation, treatment, monitoring and communication of risks. The risk management program is subject to an annual independent audit by Sunsuper's external auditor.

All Board members are members of the Investment Committee.

## Evaluation of Board and key management personnel

The Board has implemented a process for the periodic review and evaluation of its performance and the performance of its committees, individual directors and key management personnel.

The CEO, in conjunction with the Board Remuneration and Nominations Committee, is responsible for approving the performance objectives and measures for key management personnel, and providing input into the evaluation of performance against these objectives.

Performance evaluations for the 2011/12 financial year have been conducted in accordance with the approved process.

## Remuneration of directors and key management personnel

Director remuneration consists of Board and committee fees, superannuation guarantee contributions and the reimbursement of reasonable expenses. The fees reflect the demands on and responsibilities of those directors.

For directors with service before 1 January, 2005, a retiring allowance is payable on resignation or termination from the Board. The retiring allowance is calculated as a multiple of the average of the director's annual fees in the three years up to 31 December 2004, adjusted for inflation after that date. The multiple was calculated based on the number of years of service as a director up to 31 December, 2004 and was capped at 10 years of service.

Key management personnel remuneration comprises salaries, superannuation guarantee contributions, performance bonuses and the reimbursement of reasonable expenses. The CEO, in conjunction with the Board Remuneration and Nominations Committee, is responsible for determining the remuneration of key management personnel. Director and key management personnel remuneration is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The directors and key management personnel are paid in accordance with the remuneration policy.

The total remuneration paid to directors in the 2011/12 financial year was \$520,610.

The total remuneration paid to key management personnel in the 2011/12 financial year was \$3,036,628.

	Board meetings	Audit, Compliance and Risk Management Committee	Investment Committee	Remuneration and Nominations Committee	Claims Committee*
Number of meetings held in the year	10	8	5	4	12
Directors					
John Battams	10	N/A	5	N/A	2
Bill Ludwig	8	N/A	3	N/A	2
Ron Monaghan <sup>°</sup>	8	7	5	4	2
Peter Annand <sup>°</sup>	9	8	5	4	2
Graham Heilbronn <sup>°</sup>	10	N/A	5	4	2
Robert Hutchinson <sup>+</sup>	10	7	5	N/A	2

The Board approves a charter for each committee.

\* The Claims Committee comprises one Director sitting in rotation supported by a management advisory committee.

<sup>+</sup> Member: Audit, Compliance and Risk Management Committee

<sup>°</sup> Member: Remuneration and Nominations Committee

Marian Micalizzi is the Financial Expert appointed to the Audit, Compliance and Risk Management Committee. Ms Micalizzi attended 8 meetings during the financial year.

# Investment options

## Active investment options

Sunsuper has a philosophy of active investment management that we apply to several of the options we offer. This is reflected in the range of highly rated investment managers selected by Sunsuper and its investment consultant, Mercer Investments (Australia) Limited ABN 66 008 612 397, to manage the actively managed investment options.

We have a strong belief that active management will result in returns higher than returns from index managers, even after active management fees are taken into account. In addition to expecting our managers to outperform their benchmarks through active management, we expect all of our managers to:

- have world class professional investment processes,
- complement each other's processes and styles, and
- be cost effective.

## Index investment options

Although we believe in the potential benefits of active management, we provide our members with access to low cost index and enhanced index options. Index (or passive) options are invested in a range of investments designed to replicate the performance of a chosen benchmark. Enhanced index options work in much the same way; however, they seek minor outperformance via low risk active management. These options generally have lower fees than actively managed options.

## Multi-manager approach

Options may be classified as single or multi-manager. Sunsuper prefers to construct options using a multi-manager approach. The exceptions are for our passively managed options where we have selected a single manager, SSgA. Multi-manager options use a combination of investment managers within the one investment option, providing diversification across investment managers and reducing the risk of exposure to any one investment manager or style.

## Currency hedging

The value of overseas investments can be impacted by currency fluctuations. The effects of currency movement on an investment can be reduced by 'currency hedging'. This fixes the value of the Australian dollar relative to one or a number of foreign currencies.

An investment or asset class can be either fully hedged, partially hedged or unhedged:

- fully hedged is where all of the investment is protected from the effects of currency exchange rates,
- partially hedged is where the investment is partly protected from these effects, and
- an unhedged investment is not protected from these effects.

For the Growth, Balanced, Retirement, Conservative, Shares and Emerging Markets options, Sunsuper has developed a policy, which may be modified in the future, with respect to the hedging of currency:

- For the options with international fixed interest investments, Sunsuper aims to fully hedge the currency exposure (that is, the impact of currency fluctuations are virtually eliminated).
- For the options with international shares investments, Sunsuper varies the strategic level of foreign currency hedging. An appropriate hedge is set for each option, taking into account its specific circumstances, asset allocation and risk and return characteristics. Active managers can also vary the level of hedging as a tactical decision to take advantage of expected currency movements.

For other investment options with international exposure, the currency hedging policy is outlined in the relevant investment panel for each option on pages 3 to 12.

## How we calculate your balance

Your account balance is calculated by multiplying the number of units you have in each investment option by the unit price for each option. As the unit prices are calculated on a daily basis, the value of your account may change daily.

## Is your investment guaranteed?

No, except for the Capital Guaranteed option, the movement in unit prices, the repayment of capital and the performance of any investment option are not guaranteed. Investing in a specific investment option does not give any entitlement to the assets underlying that investment option. For more details on the guarantee for the Capital Guaranteed option, refer to page 12.

## How does Sunsuper use derivatives?

Sunsuper's policy is to allow our investment managers to use derivatives, such as futures, options and swaps, to achieve their investment objectives, particularly for the purpose of managing risk. However, the managers must operate within specific investment guidelines.

## Sunsuper Pooled Superannuation Trust

The Fund has \$2,360 million (more than 5 per cent of the Fund) invested in the Sunsuper Pooled Superannuation Trust (the PST).



# Compliance

## Sunsuper complies

Sunsuper is a regulated fund under the Superannuation Industry (Supervision) Act 1993 (SIS), and has been a complying fund since inception in 1987. Sunsuper was granted an RSE licence by the Australian Prudential Regulation Authority (APRA) on 21 October, 2005.

It is the Trustee's responsibility to ensure that Sunsuper meets its licensing obligations, including compliance with the RSE licensee laws and the maintenance of a risk management strategy and plan. As a result, Sunsuper members benefit from the lower tax rates that apply to complying funds. The Trustee lodges a return each year with APRA indicating the Fund's compliance with relevant legislation, including SIS.

As an Australian Financial Services licensee, Sunsuper must also have arrangements in place to ensure that it complies with its licensee obligations as determined by the Australian Securities and Investment Commission (ASIC). These obligations relate to conduct and disclosure; the provision of financial services; the competence, knowledge and skills of its responsible officers, as well as their good fame and character; the training and competence of its staff and representatives; and dispute resolution and compensation arrangements. Sunsuper has planned and implemented compliance measures, processes and procedures to ensure it meets the obligations.

## Further information

Further information to help you understand your benefits or entitlements, the main features of the Fund, the management and financial condition of the Fund, the Fund's investment performance or investment strategies, is available by calling us on **13 11 84** or visiting [sunsuper.com.au](http://sunsuper.com.au).

## Insurance

The Trustee has implemented a comprehensive insurance programme, which includes trustee liability and professional indemnity insurance policies. This programme is designed to transfer some of the financial risks faced by the Trustee and the Fund to other parties. The nature and extent of the insurance policies in place has been determined through risk analysis and consultation with external risk advisors.

## Superannuation surcharge

This surcharge was abolished from 1 July, 2005, however, surcharge amounts may have been advised by the Australian Taxation Office (ATO) and been deducted from members' accounts during the 2011/2012 year. Sunsuper as the Trustee is responsible for the collection and the remittance of these amounts to the ATO and will deduct any surcharge payable from your account.

## Eligible Rollover Fund

To protect the value of small accounts, Sunsuper may, at its discretion, transfer member accounts to an Eligible Rollover Fund (ERF) where:

- the member's account balance is low, and
- we have not received any contributions on the member's behalf for at least two years.

The ERF currently used by Sunsuper can be contacted as follows:

The AUSfund Administrator,  
PO Box 2468  
Kent Town  
SA 5071

Call: 1300 361 798

If your account balance is transferred to AUSfund:

- You will no longer be a member of Sunsuper Solutions.
- You will become a member of AUSfund and be subject to its governing rules. You should refer to the AUSfund Product Disclosure Statement (PDS) for details of its features. If Sunsuper can provide AUSfund with your contact details, AUSfund will provide you with its own Product Disclosure Statement (PDS) that outlines all the operational details of their fund.
- Investment earnings credited to your account will vary depending on the interest rate declared by the Trustee of AUSfund. You should refer to the AUSfund PDS, website and annual report for details of these investment earnings.
- A different fee structure will apply. AUSfund does not charge entry or exit fees. AUSfund accounts of \$50 or more attract an administration levy of \$14 per year or part-year. AUSfund is required to 'member protect', that is administration fees (not including Government taxes and investment fees) cannot be greater than the return credited in any financial year. Member protection does not apply to some account balances such as those under \$50, as no administration fee is deducted from such accounts and no returns are credited. Member protection may not apply to account balances \$50 or over when total investment earnings to be distributed to members are insufficient to cover the total administration levy to be deducted from members' benefits. In such a period, AUSfund is permitted to deduct a proportionate amount from members' accounts to cover administration costs.

Indirect investment and operational costs are deducted from the gross investment returns before interest rates are declared. You should refer to the AUSfund PDS for details of the fees which may apply.

- AUSfund has one diversified investment strategy and therefore doesn't provide investment choice. Rates of return are not guaranteed and investment returns provided to AUSfund members will be dependent on the performance of the underlying investment markets.
- AUSfund does not offer insured benefits in the event of death or disablement.

You can contact AUSfund directly to claim your benefit or to transfer it to another superannuation fund. You can access the AUSfund PDS at [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au).

The trustee of AUSfund is Industry Funds Investments Limited, ABN 17 006 883 227, AFSL 229881.

# Compliance cont.

## Dispute resolution

If you are unhappy with our service or super fund, we offer a complaint resolution process at no additional cost to you. Contact us to discuss your complaint:

Customer Service Team: **13 11 84**  
Customer Service Fax: 07 3016 7722

Sunsuper Customer Relations Team  
GPO Box 2924  
Brisbane Qld 4001

[sunsuper.com.au/contactus](http://sunsuper.com.au/contactus)

We will do everything we can to resolve the issue as quickly as possible. If you are still not happy or SunsUPER has not responded within 90 days, you can contact the Superannuation Complaints Tribunal (SCT). This is an independent dispute resolution body established by the Federal Government to help resolve complaints about superannuation. They may be contacted by writing to:

Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne Vic 3001

Phone: 1300 884 114

Web: [www.sct.gov.au](http://www.sct.gov.au)

## Important information you should know about making a complaint to the SCT

The scope of matters that the SCT can deal with is limited by legislation, and it is possible that the SCT cannot deal with the matter. The SCT will advise you if they can deal with a complaint, and if so, what information is required. The SCT can only deal with complaints where:

- the complainant is a member or former member of SunsUPER, or a person on behalf of a member or former member of his/her estate,
- the complaint relates to a Trustee decision or action in respect of a particular member of the Fund, not the general management of the Fund, and
- the complaint has first been dealt with under SunsUPER's internal complaint resolution procedures.

Access to the SCT is free of charge.

## Temporary residents

Super funds will be issued with a notice by the ATO identifying members who are not Australian or New Zealand citizens or permanent residents of Australia and who have left Australia after holding an Australian temporary resident visa. On receipt of the ATO notice, we will be required to transfer the benefit of any member recorded on the notice to the ATO. As SunsUPER adopts the ASIC class order relief that provides disclosure exemption for former temporary residents, information regarding the transfer of a member's benefits and significant event notices may not be provided to a member whose benefit has been transferred. For more information visit [sunsuper.com.au/factsheets](http://sunsuper.com.au/factsheets).

After departing Australia a former temporary resident can claim their benefit from SunsUPER (if we have not paid it to the ATO) or from the ATO. If you are applying to the ATO to claim your benefit and require information about the transfer, please contact us. The taxable component (taxed element) of a former temporary resident's benefit will be taxed at 35 per cent.

## Unit pricing error compensation

SunsUPER has put in place comprehensive controls in order to minimise the chance of unit pricing errors. Should an error occur and SunsUPER determines that compensation is payable to members that have been adversely affected, we aim to ensure existing SunsUPER members are in the same financial position as if the error did not occur. For exited members only amounts \$20 or greater will be compensated. SunsUPER's policy is in line with industry standards and regulatory guidelines.

# Financial statements

The financial statements identify:

- all contributions to the Fund,
- where the Fund's money was invested and how much income it earned,
- expenses the Fund incurred,
- the amount of money left in the Fund to pay future benefits, and
- the amount the Fund paid out in benefits.

The Trustee is satisfied that the following abridged financial information derived from the audited Financial Statements of the Fund represents a true and accurate record of changes in the Fund's net assets during the year to 30 June, 2012 and the net assets as at 30 June, 2012. Audited Financial Statements and the Independent Report by the Fund's auditors are available on our website.

STATEMENT OF NET ASSETS as at 30 June	2012 \$000	2011 \$000
<b>Investments</b>		
Cash and cash equivalents	3,213,298	2,830,071
Fixed interest securities	2,596,625	2,353,248
Australian equities	4,606,124	4,747,920
International equities	4,333,502	4,034,669
Property	1,428,056	1,370,360
Alternative assets	3,533,013	3,169,680
<b>Total investments</b>	<b>19,710,618</b>	<b>18,505,948</b>
<b>Other assets</b>		
Cash at bank	35,244	39,056
Contributions receivable	180,826	148,634
Other financial assets	50,387	29,111
Plant and equipment	4,108	5,508
Intangible assets	1,002	2,119
Deferred tax asset	181,812	112,823
<b>Total other assets</b>	<b>453,379</b>	<b>337,251</b>
<b>Total assets</b>	<b>20,163,997</b>	<b>18,843,199</b>
<b>Liabilities</b>		
Benefits payable	130,369	87,627
Other payables	29,285	18,381
Provision for employee benefits	2,063	1,617
Current tax liabilities	276,076	334,758
Deferred tax liabilities	27,033	22,237
<b>Total liabilities</b>	<b>464,826</b>	<b>464,620</b>
<b>Net assets available to pay benefits</b>	<b>19,699,171</b>	<b>18,378,579</b>

STATEMENT OF CHANGES IN NET ASSETS for the year ended 30 June	2012 \$000	2011 \$000
<b>Revenue from ordinary activities</b>		
<b>Net investment revenue</b>		
Interest	202,595	194,040
Dividends and distributions	548,164	691,414
Rental and other investment income	56,307	34,720
Changes in net market value of investments	(776,080)	732,906
Less: Direct investment expenses	(61,938)	(61,186)
	<b>(30,952)</b>	<b>1,591,894</b>
<b>Contribution revenue</b>		
Employer contributions	2,210,927	1,971,549
Member contributions	214,862	216,336
Transfers from other funds	624,500	476,950
	<b>3,050,289</b>	<b>2,664,835</b>
<b>Other revenue</b>		
Group life insurance rebate	8,245	4,000
Group life insurance proceeds	164,141	82,453
Other income	616	125
	<b>173,002</b>	<b>86,578</b>
<b>Total revenue from ordinary activities</b>	<b>3,192,339</b>	<b>4,343,307</b>
<b>Expenditure from ordinary activities</b>		
<b>Direct member expenses</b>		
Group life insurance premiums	181,320	119,762
Other member and sub-plan specific expenses	186	507
	<b>181,506</b>	<b>120,269</b>
<b>Indirect member expenses charged to reserve</b>		
Fund administration expense	107,787	95,600
Depreciation expense	967	1,074
Amortisation expense	1,062	1,078
Anti-detriment payments	2,826	2,469
	<b>112,642</b>	<b>100,221</b>
<b>Benefits paid and payable</b>	<b>1,327,464</b>	<b>1,056,735</b>
<b>Total expenditure from ordinary activities</b>	<b>1,621,612</b>	<b>1,277,225</b>
<b>Total revenue less expenditure before income tax</b>	<b>1,570,727</b>	<b>3,066,082</b>
<b>Income tax expense</b>	<b>250,135</b>	<b>387,815</b>
<b>Total revenue less expenditure after income tax</b>	<b>1,320,592</b>	<b>2,678,267</b>
<b>Net assets available to pay benefits at the beginning of the year</b>	<b>18,378,579</b>	<b>15,700,312</b>
<b>Net assets available to pay benefits at the end of the year</b>	<b>19,699,171</b>	<b>18,378,579</b>



### Contacting us is easy:

- ☎ 13 11 84 (+61 7 3121 0700 when overseas)
- ☎ 07 3016 7722
- ✉ GPO Box 2924 Brisbane QLD 4001
- 🖱 [sunsuper.com.au](http://sunsuper.com.au)
- 🐦 [twitter.com/sunsuper](https://twitter.com/sunsuper)
- 📘 [facebook.com/sunsuper](https://facebook.com/sunsuper)

Sunsuper Pty Ltd  
 ABN 88 010 720 840  
 AFSL No. 228975

Sunsuper Superannuation Fund  
 ABN 98 503 137 921  
 SPIN SSR 0100 AU



## Fund of the year

Sunsuper was recognised as Fund of the Year for 2012 by independent organisations *Money* magazine and SuperRatings. For 2012, Sunsuper has also been recognised as one of Australia's leading superannuation funds by independent organisations Chant West, The Heron Partnership and SelectingSuper.



Sunsuper is a member of The Association of Superannuation Funds of Australia Limited (ASFA).



This document has been prepared on 12 September 2012 and issued by Sunsuper Pty Ltd (ABN 88 010 720 840), Trustee of the Sunsuper Superannuation Fund. While it has been prepared with all reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatement however caused. All forecasts and estimates are based on certain assumptions which may change. If those assumptions change, our forecasts and estimates may also change. This document has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document is general advice and does not take into account any particular person's objectives, financial situation or needs. Because of this, before acting on any advice, you should consider its appropriateness, having regard to your own particular objectives, financial situation and needs. You should obtain and consider the *Product Disclosure Statement* (PDS) before making any decision about whether to acquire or continue to hold the product. The PDS is available by contacting a Member Service Representative on 13 11 84. We are committed to respecting your privacy. Our formal privacy policy sets out how we do this. If you would like a copy of Sunsuper's privacy policy please contact us.