

# AGEST Super

straightforward.simple.fair. 



**Annual Report June 2011**

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**Linda Rubinstein**  
Chair, AGEST



## Chair's Report 2011

### Investment Returns

The first half of the financial year saw investment markets return solid and relatively stable growth across most markets. In February, markets became more volatile and that volatility has intensified in the new financial year.

For the year to 30 June 2011, the Balanced option (where most AGEST members have their money invested) returned 8.9% after investment fees and tax for accumulation members and 10.2% for pension members (as pension earnings are not subject to tax).

These returns are above the long-term average. Over 10 years to 30 June 2011, the Balanced option return for accumulation members is 4.3%.

Over the next year, we expect growth in the US, Europe and Japan to be slow, with policy-makers continuing to look for ways to stimulate demand. However, we expect strong growth in developing markets, where the challenge is to manage the growth to avoid inflation.

In this environment diversification and active management is our core strategy. Volatility in financial markets is expected to continue for some time.

Our asset consultants and investment managers will continue to look to capitalise on growth in Asia and other growing markets, while maintaining a solid allocation to defensive assets to protect against downturns in equity markets.

The Board has reviewed the asset allocation of each investment option. As a result, changes were made to some of our pre-mixed options to slightly adjust the allocation between cash and fixed interest. These changes were made with a view to protecting the defensive assets against the medium term risk of inflation.

## Changes at AGEST

During the year AGEST welcomed two new Directors.

Kate Wood resigned after a significant contribution over 15 years, and we thank her for efforts on behalf of members. Kristin van Barneveld has replaced Ms Wood.

Maria Wilton joined the Board replacing Tony Hyams, whose resignation I reported in last year's report.

Our long-standing CEO, Michael Seton resigned after 8 years managing AGEST. Michael was well known to members and had overseen the growth of the fund and the development of new products such as the pension and investment choices.

Cath Bowtell was appointed as CEO in November. As a former Director of the fund, Cath has settled in quickly.

We have also appointed new staff with considerable experience in finance and investments to strengthen our executive team.

## Governance Review

As part of Board's commitment to strong governance, the Board commissioned an external review of its performance. Pleasingly, the Board was found to be operating well and adhering to best practice.

## Recognition as a top performing fund

AGEST continues to receive the top rating awarded by each of the ratings agencies that rate our performance. Canstar Cannex has recently rated AGEST Superannuation as Outstanding Value for members.

Earlier this year AGEST's Account Based Pension was also rated Outstanding Value, and was one of the top 10 funds rated.

Hopefully this recognition confirms that members' decision to entrust AGEST with their retirement savings is the right choice.

## Helping members make sound decisions

AGEST has entered into an arrangement with Industry Fund Financial Planning to secure access to qualified financial planners who can assist members better understand how to get the most out of their superannuation on a fee for service basis.

We currently have offices in Canberra and Darwin, and can offer support to members across Australia by phone or by scheduling appointments in other capital cities.

## Looking ahead

The fund will need to navigate a raft of foreshadowed regulatory changes as the government implements its Stronger Super reforms.

In addition, the Board has decided to actively explore merging AGEST with another fund.

This decision was made after careful consideration and is in response to changes in the superannuation landscape, including:

- > increasing demand from members for more complex investment choices;
- > ongoing changes to the regulation of superannuation; and
- > foreshadowed changes to Commonwealth government superannuation.

These changes make it harder for AGEST to maintain our simple structure and low cost.

The Board has put in place a process to evaluate potential merger partners and we expect a decision by mid 2012.

The Board will be guided solely by what is in the best interests of members. Any decision will need the support of AGEST's shareholders.

The Board has appointed PWC as independent expert advisors to assist it evaluate potential partners and undertake a rigorous cost-benefit analysis.

AGEST will conduct the process fairly and as transparently as possible. Pitcher Partners has been appointed as probity advisors. This appointment gives members and other stakeholders comfort that we are adhering to accepted probity standards.

In the meantime, the Board, management and our service providers are committed to continuously improving AGEST's performance.

Your questions and feedback is welcome. Members in the ACT and Darwin will have the opportunity to discuss the process with members of the Board at our upcoming Member Meetings - see our website for details.

*Linda Rubinstein*

# About AGEST

**AGEST aims to satisfy the vast majority of Australians' superannuation requirements by being a low cost, flexible and easy to understand fund. It is now open to all Australians, and it can be their super fund throughout their life. The following is a quick guide to AGEST's benefits.**

## Flexible investment options

AGEST has 12 investment options and members can switch between any combination of them on a daily basis. Further details on the investment options are provided later in this report.

## Flexible insurance options

Most new AGEST members are automatically provided with Death and Total & Permanent Disablement insurance if their employer contributes to AGEST for them. Some conditions apply (see our Product Disclosure Statement).

Members can apply to increase or decrease this insurance, and to extend it to Income Protection insurance. Members who do not receive employer contributions can also apply for insurance cover.

## Spouse membership

The spouse of a member can join AGEST, even if they are not employed. Membership gives access to the AGEST pension, insurance cover, low fees and flexible investment options, as well as potential tax savings.

## Online access

Our website at [www.ages.com.au](http://www.ages.com.au) provides a wealth of information. You can learn more about your benefits, view your account, and even change your investment options.

## Assistance for your employer

AGEST can help your employer with their superannuation requirements. Our website also provides useful information for employers.

## FREE superannuation seminars

AGEST holds regular superannuation seminars. Attending one of these 2 hour seminars is a great way to learn more about AGEST and superannuation in general. More details on the seminars are at [www.ages.com.au](http://www.ages.com.au).

## Account-based pensions

AGEST has an award winning low-cost account-based pension that enables member's to convert their superannuation savings into a flexible and regular income. This means that you can stay with AGEST as long as you like.

## Transition To Retirement

A transition to retirement pension allows you to draw a regular income through pension payments, even if you are still working.

Members who have reached their preservation age (currently 55) can use a Transition to Retirement pension to supplement a reduced income after transitioning to part-time work, or to allow for increased salary sacrifice contributions as a means of saving tax.

AGEST is the only fund in the Australian Public Sector that has a transition to retirement account-based pension.

## Non-superannuation benefits

Your AGEST membership gives you access to banking products from Members Equity Bank, commission-free financial planning with Industry Fund Financial Planning and commission-free investments with Members Equity Investments. Contact numbers for these organisations are:

- > Members Equity Bank  
– 13 15 63
- > Industry Fund Financial Planning  
– 1300 138 848
- > Members Equity Investment Funds  
– 1300 655 286

AGEST does not receive any income or commissions from these third party organisations.

## Keeping you informed

AGEST will provide you with a Benefit Statement twice a year and an Annual Report each year.

Updates on your account, the latest investment returns and copies of AGEST's trust deed and annual financial statements are available at [www.ages.com.au](http://www.ages.com.au) or by phoning 1300 724 378.

## AGEST Trustee

AGEST is managed by a corporate trustee, AGEST Super Pty Ltd, ABN 44 007 390 392, which controls and manages the fund. It has been granted an Australian Financial Services Licence (No. 233707) by the Australian Securities and Investments Commission and a Registrable Superannuation Entity Licence (No. L0000383) from the Australian Prudential Regulation Authority.

AGEST Super Pty Ltd was established by the Commonwealth Government and the ACTU in 1990.

Three Directors are appointed by the Minister for Finance and three Directors are appointed by the ACTU.

The seventh Director is the independent Chairperson who is jointly appointed by the Minister for Finance and the ACTU. Appointments continue until withdrawn by their nominee (Minister/ACTU) or they resign.

## AGEST Directors (as at 30 June 2011)

### Ms Linda Rubinstein (Chair)

Linda was appointed by the Minister and ACTU effective 22 October 2008. She is a Director, Pro Bono with Holding Redlich Solicitors and a former Senior Industrial Officer with the ACTU.

### Dr Kristin Van Barneveld

Kristin was appointed by the ACTU effective 20 April 2011 and is the Deputy National Secretary of the CPSU.

### Ms Maria Wilton

Maria was appointed by the Minister effective 27 April 2011 and is the Managing Director of Franklin Templeton Investments Australia Pty Ltd.

### Mr Mark Gepp

Mark was appointed by the ACTU effective 1 November 2008 and Senior Policy and Research Officer at the Finance Sector Union.

### Mr Michael Fisher

Michael was appointed by the ACTU effective 27 July 2010 and is the Superannuation Policy Officer at the ACTU.

### Ms Sue Dahn

Sue was appointed by the Minister effective 26 March 2009 and is a Partner at Pitcher Partners.

### Ms Gail Owen, OAM

Gail was appointed by the Minister effective 3 May 2000 and is a Partner at HWL Ebsworth Lawyers and has previous experience as a Trustee Director of other superannuation funds

## Trustee Committees

The Trustee has established sub-committees to deal with issues and make recommendations to the full Board. The current committees at 30 June 2011 were:

### Audit and Risk Management Committee

Gail Owen (Chair), Mark Gepp, Maria Wilton

### Investment Committee

Sue Dahn (Chair), Linda Rubinstein, Maria Wilton, Michael Fisher, Kristin Van Barneveld

### Member Services Committee

Mark Gepp (Chair), Michael Fisher, Kristin Van Barneveld

## Directors' remuneration

Remuneration paid to Directors recognises the time, experience and responsibility required of those people. This remuneration is paid directly to the Director (or to their nominated superannuation fund).

Remuneration as at 30 June 2011 was:

Chair of the Board	Other Directors
\$64,334 p.a.	\$45,034 p.a.

### Committee Chairs

### Audit & Risk Management Committee Chair

\$6,434 p.a. (in addition to Director fee)

### Investment Committee Chair

\$8,578 p.a. (in addition to Director fee)

### Member Services Committee Chair

\$6,434 p.a. (in addition to Director fee)

# History of investment returns

The following table shows the investment returns credited to members' accounts over recent years as at 30 June.

**Past investment performance should not be taken as an indication of future performance.**

Investment option	Account Type	2011	2010	2009	2008	2007	5 years to 30/06/11
<b>Pre-mixed options</b>							
<b>Growth</b>	Accumulation	9.7%	9.3%	-18.7%	-8.4%	18.3%	1.1% pa
	Pension	11.3%	10.9%	-21.6%	-8.6%	20.7%	1.3% pa
<b>Balanced</b>	Accumulation	8.9%	8.0%	-15.8%	-3.6%	15.5%	2.0% pa
	Pension	10.2%	9.3%	-17.9%	-3.4%	17.5%	2.3% pa
<b>Moderate</b>	Accumulation	8.1%	8.7%	-11.8%	-2.3%	13.6%	2.8% pa
	Pension	9.5%	10.2%	-13.6%	-2.2%	15.4%	3.3% pa
<b>Stable</b>	Accumulation	7.0%	8.1%	-6.8%	1.1%	10.2%	3.7% pa
	Pension	8.3%	9.6%	-7.9%	1.6%	11.6%	4.4% pa
<b>Conservative</b>	Accumulation	5.9%	7.4%	-2.7%	3.4%	6.9%	4.1% pa
	Pension	7.0%	8.8%	-3.1%	4.1%	7.9%	4.9% pa
<b>MultiStrategy</b>	Accumulation	7.2%	9.0%	-7.9%	6.3%	10.9%	4.9% pa
	Pension	8.4%	10.7%	-9.0%	7.1%	12.5%	5.6% pa
<b>Single-sector options</b>							
<b>Australian Shares</b>	Accumulation	10.6%	12.6%	-15.9%	-10.3%	24.8%	3.2% pa
	Pension	12.4%	14.9%	-18.3%	-11.0%	27.6%	3.7% pa
<b>International Shares (Hedged)</b>	Accumulation	22.9%	12.3%	-27.9%	-13.1%	19.7%	0.7% pa
	Pension	27.0%	14.6%	-32.9%	-13.4%	22.8%	0.8% pa
<b>International Shares (Unhedged)</b>	Accumulation	1.9%	4.0%	-17.0%	-19.4%	5.1%	-5.7% pa
	Pension	2.0%	4.8%	-20.1%	-21.4%	5.8%	-6.6% pa
<b>Listed Property</b>	Accumulation	29.2%	34.6%	-36.3%	-33.8%	21.3%	-2.3% pa
	Pension	35.0%	40.5%	-42.8%	-36.7%	24.9%	-3.0% pa
<b>Fixed Interest</b>	Accumulation	5.6%	11.7%	4.5%	4.9%	3.2%	5.9% pa
	Pension	6.6%	14.0%	5.3%	6.0%	3.8%	7.1% pa
<b>Cash</b>	Accumulation	4.3%	3.3%	4.7%	6.0%	5.0%	4.6% pa
	Pension	5.1%	3.9%	5.5%	7.0%	5.9%	5.5% pa

## Investment Managers

AGEST invests your money with investment managers who specialise in particular investment sectors. Details of the fund's asset allocation over the last 12 months are shown in the following table. Investment managers are appointed in writing and have no fixed term.

Investment Sector	Investment Manager	30 June 2011 (\$m)	30 June 2010 (\$m)
Absolute Return	BlackRock	76	53
	GMO	35	33
	Ausbil Dexia	239	214
Australian Shares	Ellerston	55	48
	GMO	237	212
	Kosmos	79	62
	Macquarie	129	113
	Maple-Brown Abbott	281	260
	State Street Global Advisors	241	176
Cash	BNP	104	78
	Industry Funds Management	360	343
	State Street Global Advisors	354	335
Fixed Interest	BlackRock	477	317
	Hastings Fund Management	20	26
	Members Equity Bank	1	1
	PIMCO	54	83
Foreign Currency Hedging	Millenium	4	1
	Pareto	26	-10
Infrastructure	Infrastructure Capital Group	59	48
	Industry Funds Management	178	148
	Alliance Bernstein	166	147
	AQR	39	36
	Lazard	37	38
International Shares	Mondrian	39	0
	Orbis	55	33
	State Street Global Advisors	226	212
	Taube Hodson Stonex	45	32
	Turner	44	41
	Walter Scott	116	102
	Industry Funds Management	27	17
	Goldman Sachs	15	11
Private Equity	Macquarie	20	20
	Mesirow	14	10
	Northgate	55	50
	Pacific Equity Partners	11	10
	Quay Partners	20	14
	Siguler Guff	27	33
	Wilshire	37	33
	AEW	19	7
Property (Listed and Unlisted)	Fortius	34	34
	Franklin Templeton	6	7
	ISPT	170	144
	QIC	51	0
	Vanguard	128	65
<b>Total Investments</b>		<b>4,410</b>	<b>3,681</b>

# AGEST's pre-mixed investment options

## Growth

### Date Commenced

1 January 2006

### Investment Objective

Maximise returns over the long term by investing in shares, private equity, infrastructure and property.

### Target return

Consumer Price Index (CPI) plus 4.0% per annum after fees and taxes over the investment timeframe.

### Investment timeframe

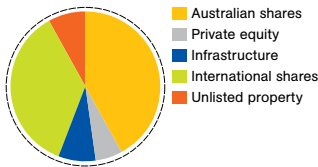
7 years +

### Investment risk

**High:** Negative returns expected in 4 out of every 20 years

### Investment strategy

Strategic asset allocation (SAA)



	SAA %	Range %
Australian shares	42	30 - 55
Private equity	6	0 - 10
Infrastructure	8	5 - 15
International shares	36	25 - 45
Unlisted Property	8	5 - 15
Absolute return	0	0
Fixed interest	0	0
Cash	0	0 - 5

### Foreign currency hedging

33 0 - 100

## Balanced

### Date Commenced

1 July 1990

### Investment Objective

Achieve strong returns over the long term by investing in a diversified mix of assets, primarily shares and property.

### Target return

Consumer Price Index (CPI) plus 3.5% per annum after fees and taxes over the investment timeframe.

### Investment timeframe

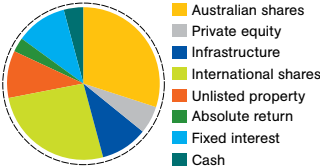
6 years +

### Investment risk

**Medium:** Negative returns expected in 3 out of every 20 years

### Investment strategy

Strategic asset allocation (SAA)



	SAA %	Range %
Australian shares	30	20 - 40
Private equity	6	0 - 10
Infrastructure	10	5 - 15
International shares	26	15 - 40
Unlisted Property	10	5 - 20
Absolute return	3	0 - 10
Fixed interest	11	0 - 25
Cash	4	0 - 10

### Foreign currency hedging

33 0 - 100

## Moderate

### Date Commenced

1 January 2006

### Investment Objective

Achieve moderate returns by investing in a mix of assets that will minimise the risk of capital loss over the medium term.

### Target return

Consumer Price Index (CPI) plus 2.5% per annum after fees and taxes over the investment timeframe.

### Investment timeframe

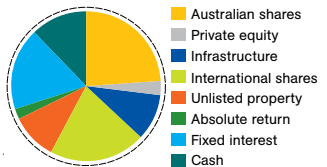
5 years +

### Investment risk

**Medium:** Negative returns expected in 2 out of every 20 years

### Investment strategy

Strategic asset allocation (SAA)



	SAA %	Range %
Australian shares	24	15 - 35
Private equity	3	0 - 6
Infrastructure	10	5 - 15
International shares	21	10 - 30
Unlisted Property	10	5 - 15
Absolute return	2	0 - 5
Fixed interest	18	10 - 20
Cash	12	10 - 20

### Foreign currency hedging

33 0 - 100

## Stable

### Date Commenced

1 January 2006

### Investment Objective

Achieve stable returns by investing in a mix of assets that provide low volatility in returns and low risk of capital loss over the medium term.

### Target return

Consumer Price Index (CPI) plus 2.0% per annum after fees and taxes over the investment timeframe.

### Investment timeframe

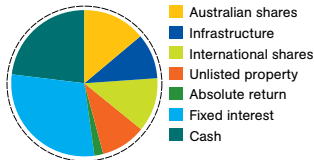
4 years +

### Investment risk

**Medium / low:** Negative returns expected in 1 out of every 20 years

### Investment strategy

Strategic asset allocation (SAA)



	SAA %	Range %
Australian shares	14	10 - 20
Private equity	0	0
Infrastructure	10	5 - 15
International shares	12	8 - 16
Unlisted Property	10	5 - 15
Absolute return	2	0 - 5
Fixed interest	29	20 - 30
Cash	23	20 - 30

### Foreign currency hedging

33 0 - 100

## Conservative

### Date Commenced

1 January 2006

### Investment Objective

Achieve returns slightly above inflation by mainly investing in fixed interest and cash.

### Target return

Consumer Price Index (CPI) plus 1.5% per annum after fees and taxes over the investment timeframe.

### Investment timeframe

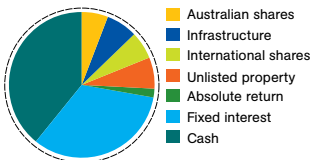
3 years +

### Investment risk

**Low:** Negative returns expected in 1 out of every 20 years

### Investment strategy

Strategic asset allocation (SAA)



	SAA %	Range %
Australian shares	6	0 - 15
Private equity	0	0
Infrastructure	7	0 - 12
International shares	6	0 - 15
Unlisted Property	7	0 - 12
Absolute return	2	0 - 5
Fixed interest	33	25 - 35
Cash	39	35 - 45

### Foreign currency hedging

33 0 - 100

## MultiStrategy

### Date Commenced

1 January 2006

### Investment Objective

Achieve moderate returns by primarily investing in strategies that focus on minimising the risk of loss of capital.

### Target return

Consumer Price Index (CPI) plus 2.5% per annum after fees and taxes over the investment timeframe.

### Investment timeframe

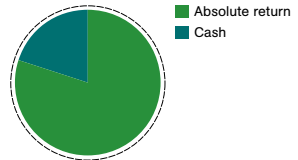
5 years +

### Investment risk

**Medium:** Negative returns expected in 2 out of every 20 years

### Investment strategy

Strategic asset allocation (SAA)



	SAA %	Range %
Australian shares	0	0
Private equity	0	0
Infrastructure	0	0
International shares	0	0
Unlisted Property	0	0
Absolute return	80	70 - 90
Fixed interest	0	0
Cash	20	10 - 30

### Foreign currency hedging

100 95 - 100

# AGEST's single sector investment options

## Australian Shares

### Date Commenced

1 October 2003

### Investment Objective

Outperform the target return.

### Target return

S&P/ASX300 Accumulation Index over the investment timeframe.

### Investment timeframe

7 years +

### Investment risk

**High:** Negative returns expected in 5 out of every 20 years

### Investment strategy

100% allocation to Australian shares

### Foreign currency hedging

Not applicable

## International Shares (Hedged)

### Date Commenced

1 January 2006

### Investment Objective

Outperform the target return.

### Target return

MSCI World (ex Australia) Accumulation Index  
100% Hedged to \$AUD over the investment timeframe.

### Investment timeframe

7 years +

### Investment risk

**High:** Negative returns expected in 6 out of every 20 years

### Investment strategy

100% allocation to international shares

### Foreign currency hedging

Range between 95 - 100%

## International Shares (Unhedged)

### Date Commenced

1 January 2006

### Investment Objective

Outperform the target return.

### Target return

MSCI World (ex Australia) Accumulation Index  
Unhedged to \$AUD over the investment timeframe.

### Investment timeframe

7 years +

### Investment risk

**High:** Negative returns expected in 6 out of every 20 years

### Investment strategy

100% allocation to International Shares

### Foreign currency hedging

Range between 0 - 5%

## Listed Property

### Date Commenced

1 October 2003

### Investment Objective

Match the target return.

### Target return

UBS Global Real Estate Investors Index (ex Australia) (Hedged) over the investment timeframe.

### Investment timeframe

7 years +

### Investment risk

**High:** Negative returns expected in 6 out of every 20 years

### Investment strategy

100% allocation to Global (ex Australia) listed property (REITs)

### Foreign currency hedging

100% to Australian Dollars

## Fixed Interest

### Date Commenced

1 October 2003

### Investment Objective

Outperform the target return.

### Target return

Consumer Price Index (CPI) plus 1.5% per annum over the investment timeframe.

### Investment timeframe

3 years +

### Investment risk

**Low:** Negative returns expected in 1 out of every 20 years

### Investment strategy

100% allocated to fixed interest

### Foreign currency hedging

Range between 95 - 100%

## Cash

### Date Commenced

1 December 1999

### Investment Objective

Outperform the target return.

### Target return

UBS Australia Bank Bill Index

### Investment timeframe

No minimum

### Investment risk

**Low:** Negative returns expected in 0 out of every 20 years

### Investment strategy

100% allocated to cash and bank bills (under 12 months)

### Foreign currency hedging

Not applicable

## Financial information

Please note that the 2011 abridged financial information provided on this page has been extracted from draft Financial Statements. The 2011 Financial Statements are currently being audited by KPMG and will be available on our website after 31 October 2011.

### Changes in net assets for the year ending 30 June

	2011 (\$'000)	2010 (\$'000)
<b>Net Assets at the beginning of the year</b>	<b>3,765,070</b>	<b>3,114,017</b>
<b>Revenue</b>		
Contributions by employers	362,168	349,902
Contributions by members	134,799	139,982
Transfers	229,648	237,915
Government co-contributions	2,866	5,309
Investment revenue	376,489	265,042
Insurance proceeds	7,001	6,490
Other	0	129
<b>Total Revenue</b>	<b>1,112,971</b>	<b>1,004,769</b>
<b>Expenditure</b>		
Government taxes/(benefits)	83,291	78,190
Investment expenses	12,067	9,723
Insurance premiums	11,129	9,447
Staff and directors' remuneration	1,585	1,864
Administration and other costs	8,327	7,731
Contribution surcharge	10	42
Benefits paid	343,949	246,719
<b>Total Expenditure</b>	<b>460,358</b>	<b>353,716</b>
<b>Net Assets at the end of the year</b>	<b>4,417,683</b>	<b>3,765,070</b>

### Statement of assets and liabilities at 30 June

	2011 (\$'000)	2010 (\$'000)
<b>Assets</b>		
Investments	4,330,683	3,708,591
Current assets	91,630	55,381
Deferred tax assets	45,876	52,635
Other assets	54	73
<b>Total Assets</b>	<b>4,468,243</b>	<b>3,816,680</b>
<b>Liabilities</b>		
Benefits payable	4,122	34
Taxation	33,035	18,315
Other liabilities	13,403	33,261
<b>Total Liabilities</b>	<b>50,560</b>	<b>51,610</b>
<b>Net Assets of the fund</b>	<b>4,417,683</b>	<b>3,765,070</b>

# Investment Policies

## Investment strategy

AGEST recognises that members have different investment needs. Therefore, we provide a range of investment options so that you can select a strategy to suit your own circumstances.

Each of the fund's investment options has its own objective. Because each option is invested in different areas, they will have different returns each year.

Members can choose any combination of the following 12 investment options:

### Pre-mixed options

- > Growth
- > Balanced
- > Moderate
- > Stable
- > Conservative
- > MultiStrategy

### Single-sector options

- > Australian Shares
- > International Shares (Hedged)
- > International Shares (Unhedged)
- > Listed Property
- > Fixed Interest
- > Cash

**Quarterly fact sheets on all 12 investment options can be found on our website.**

### Pre-mixed options

Many members like to choose an option which already has a combination of assets from various investment sectors. This is called a pre-mixed option.

AGEST has 6 pre-mixed options, and you can choose to invest some or all of your superannuation in these options.

Each of these pre-mixed options holds a different combination of investments, as determined by the Trustee of the fund from time to time.

### Single-sector options

If you want to choose your own mix of investments – a 'do-it-yourself' approach – then single-sector options may suit you best.

Single-sector options only cover assets in one investment sector, and the name of each option tells you the relevant sector.

AGEST has 6 single-sector options, and you can choose to invest some or all of your superannuation in these options. Just like the pre-mixed options, each of these single-sector options holds different investments, so their investment returns will differ.

If you do not make an investment choice, the Balanced option is where your superannuation will be invested.

## Unit pricing

AGEST uses units and daily unit prices to process transactions on your account, perform switches between investment options and track the value of your investment in the fund.

When money is deposited into your account, that money buys a number of units and the value of each unit (in dollars) is known as the unit price. When money is withdrawn from your account, the number of units in your account is reduced, based on the amount withdrawn and the latest unit price.

Units are similar in concept to share prices, in that their value can go up or down each day, reflecting the change in the value of the assets in the investment option in which you are invested. Each investment option has a different unit price that can change daily.

They are calculated daily by the fund's custodian, based on a combination of actual and estimated asset values and using predetermined assumptions for tax and fee deductions.

You can find AGEST's unit prices at [www.agem.com.au](http://www.agem.com.au). There are two sets of unit prices for each investment option – one for accumulation accounts, and one for Pension accounts – as there is no tax on investment earnings in Pension accounts. A Fact Sheet on Unit Pricing is available on our website or by calling 1300 724 378.

## Strategic review

The AGEST Board and Investment Committee continually reviews the strategic asset allocation of the fund's investment options, to ensure that they remain appropriate in the current environment. Such ongoing reviews may result in strategic changes to investments in some sectors.

This means that the fund's investments as shown in this report at 30 June 2011 may change.

It is important that such reviews are regular, as new investment opportunities can arise at any time.

### Investment consultant

Frontier Investment Consulting is the fund's investment consultant. They assist the Trustee in formulating investment strategy and selecting investment managers.

The Investment Committee meets regularly with Frontier, who provides regular reports on managers and investment issues.

### Reserves

Investment reserves are not held for any of our investment options. This means that the full return is allocated to members each year. A small reserve is always kept in the fund to meet ongoing commitments and contingencies. The reserves held at 30 June 2011 were approximately \$1.4 million, compared to \$1.3 million (2010) and \$7.5 million (2009).

### Derivatives

The Trustee has authorised investment managers to use derivatives such as options and futures to manage fund assets, within guidelines. Derivatives are used to control risk, and are not used to leverage the fund or speculate. Standard accounting practices are used for recording derivatives in the financial statements.

### Important investment information

Investment information is provided by AGEST to assist members in understanding their investment options in AGEST. However the following matters should be noted in respect of this information.

- > The past performance of each investment option should not be taken as an indication of future performance.
- > The past performance of each investment option is based on the asset allocation and investment management style used in each

investment option in the past. The Trustee may change these features at any time in the future, so past performance may be of little relevance to the future.

- > AGEST's 12 investment options each have an investment objective, target return, investment timeframe, investment risk and strategic asset allocation shown in this report.

These are indicative only and are based on the investment expectations of each investment sector, using long term assumptions about capital markets as obtained by the Trustee from the fund's investment consultant.

Based on these assumptions, the Trustee believes that the strategic asset allocation set by the Trustee is suitable for each investment option, given its investment objective, and that the strategic asset allocation is likely to enable the target return to be achieved over the investment timeframe.

However the future performance of each investment option cannot be guaranteed, as investments can move up and down, sometimes sharply and without warning, over both short and long periods of time.

Expectations about the number of years of negative returns in every 20 years shown in this report for each investment option are based on the above mentioned long term assumptions.

Actual performance may be different from these assumptions.

- > If you wish to obtain more information about AGEST's investment options, you should read our Investment Options Guide or contact our Member Services team on 1300 724 378.

You may also wish to contact a professional investment adviser.

# Facts you should know

## Small inactive accounts

In accordance with superannuation legislation, AGEST has nominated an Eligible Rollover Fund (ERF) to receive small inactive accounts from AGEST. Our nominated ERF is AUSfund, Australia's Unclaimed Super Fund.

We may transfer your benefit to AUSfund if your account balance is less than \$800, and either your account has not received any contributions for over 12 months, or we have been unable to contact you for over 24 months.

These terms may be altered in the future. However, we will write to you if we intend to transfer your benefit to AUSfund, and outline the full terms of the proposed transfer.

Being transferred to AUSfund may affect your benefits, because:

- > you will cease to be a member of AGEST;
- > you will become a member of AUSfund and be subject to its governing rules. If AGEST can provide AUSfund with your current contact details, AUSfund will send you its current Product Disclosure Statement (PDS);
- > AUSfund may levy administration and investment fees which are different to those applying in AGEST;
- > AUSfund has a different investment strategy to AGEST;
- > AUSfund does not offer insured benefits in the event of death or disability.

If your superannuation benefits are transferred to AUSfund, your personal information will be used or disclosed by AUSfund to administer your fund benefits.

AUSfund may conduct cross-fund matching searches (where they use your information to search for an active account in your name in another superannuation fund), and may transfer your AUSfund benefits to the other superannuation fund in the event that AUSfund finds an active superannuation account in your name. AUSfund may also attempt to locate missing superannuation contributions paid to the Tax Office on a member's behalf.

AUSfund can be contacted by calling 1300 361 798, by writing to PO Box 2468, Kent Town SA 5071, by sending an email to [admin@ausfund.net.au](mailto:admin@ausfund.net.au) or visiting its website at [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)

## AGEST's Key Service Providers

- > **Administrator**  
Pillar Administration
- > **Auditor**  
KPMG
- > **Tax Consultant**  
PWC
- > **Insurer**  
The Colonial Mutual Life Assurance Society (Commlnsure)
- > **Investment Consultant**  
Frontier Investment Consulting
- > **Master Custodian**  
BNP Paribas Securities Services

## Indemnity insurance

The trustee holds Indemnity insurance to protect the trustee and fund assets from losses arising from claims against it.

## AGEST Reference Numbers

**AGEST SPIN**  
AGE0101AU

**AGEST SFN**  
2683/539/47

**AGEST ABN**  
79 781 199 140

**AGEST RSE Registration**  
R1001556

**AGEST Super Pty Ltd ABN**  
44 007 390 392

**AGEST Super Pty Ltd AFS Licence**  
233707

**AGEST Super Pty Ltd RSE Licence**  
L0000383

This document was prepared on 23 August 2011 by AGEST Super Pty Ltd (ABN 44 007 390 392), the trustee of AGEST. AGEST Super Pty Ltd holds an Australian Financial Services Licence (No. 233707) which allows the trustee to provide superannuation products to current and prospective members.

The contents of this document are of a general nature and have been prepared without taking into account your particular financial needs, circumstances or objectives. You should assess your own financial situation and read the AGEST Product Disclosure Statement before making an investment decision.

The AGEST Trustee makes every attempt to ensure that the information in this document is accurate. Legislative and other changes after the time of publication may affect the accuracy of some of the information contained in this document.

# contact **AGEST**

**Phone**

1300 724 378  
from 8am to 8pm weekdays or  
+ 61 2 4298 6011  
if calling from overseas

**Fax**

1300 664 378 or  
+61 2 4253 6108  
if faxing from overseas

**Email**

[info@agest.com.au](mailto:info@agest.com.au)

**Website**

[www.agest.com.au](http://www.agest.com.au)

**Postal Address**

Locked Bag 20  
Wollongong NSW 2500



*Straightforward.*

*simple. fair.*