

**What is the Cash investment option?**

AGEST allows all members to invest in one or any combination of 12 investment options.

The Cash option is one of those options.

**What are Cash investments?**

Cash investments are short term loans made by one entity to another, with an obligation upon the borrower to repay the loan at a future date. For example governments and companies all need to borrow money from time to time. Lenders include investors like banks, superannuation funds and individuals.

Cash investments in AGEST include term deposits, bank bills, certificates of deposit and other similar short term financial securities issued by governments and banks. All these investments in the Cash option have a maximum term to maturity of 12 months.

**If you want exposure to fixed interest investments with a maturity greater than 12 months, you should consider our Fixed Interest investment option.**

**Investment objective**

To outperform the target return.

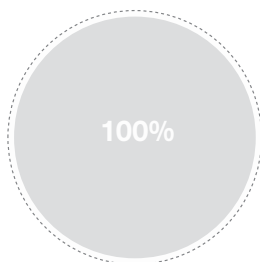
**Target return**

UBS Australia Bank Bill Index

**Strategic Asset Allocation (SAA)**

The SAA percentages below indicate where investments in this option will usually be made.

However, market movements, new investment opportunities and irregular levels of cash flow mean that we cannot always strictly adhere to our SAA percentages. We have set 'ranges' within which this option will usually invest, however at times these ranges may be exceeded due to factors beyond the fund's control.



Investment sector	SAA %	Range %
Cash	100	100
<b>Total</b>	<b>100</b>	

	SAA %	Range %
Foreign currency hedging	N/A	N/A

**Current rate of return**

**The Cash option's rate of return at the date of this report was 4.52% pa (before tax and fees). For comparative purposes, the Reserve Bank of Australia's Cash Rate at that date was 4.25% per annum.**

The current rate of return in the Cash option is the weighted average rate of return of all investments currently held, if they are held to their maturity dates. This is different from the investment performance achieved in the last year (see table in next column) because that return is historical (it includes returns from investments that have now matured and been replaced with new investments at different rates of return).

**Overview of this investment option**

Inception date	1 December 1999 (1 Jan 2002 for pensioners)
Current assets	\$835.8 million
Unit prices at <b>31 March 2012</b>	<b>Pension accounts</b> 1.316699 <b>Non-pension accounts</b> 1.262210
Number of investment manager products used in this option	3
Number of individual investments in this option	Approximately 30
Investment costs	0.09%
Performance fees	0%
<b>Total investment costs</b>	<b>0.09%</b>

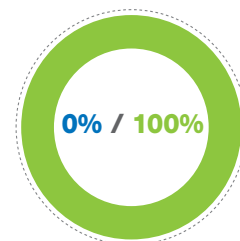
**Investment profile (SAA)**

**Investment risk: Low**

Negative returns expected in zero out of every 20 years.

**Growth** - assets upon which a capital gain is expected over the long term.

**Defensive** - assets which are expected to produce regular income and, in some cases, capital gain.

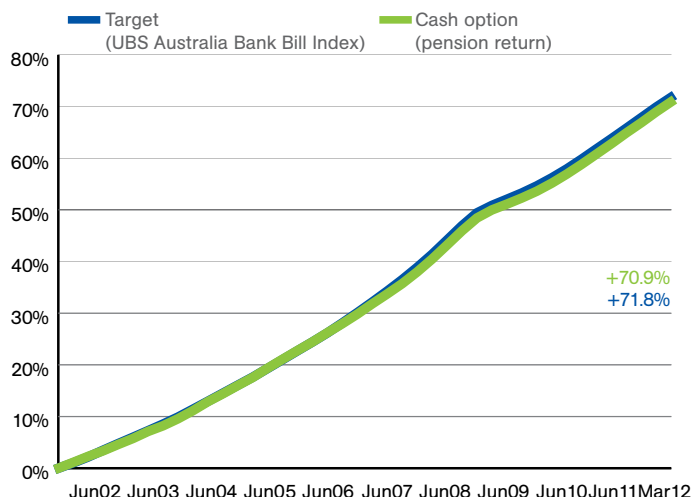


**Investment performance \***

	Pension accounts	Non-pension accounts
3 months	1.15%	0.99%
1 year	4.99% pa	4.21% pa
3 years	4.46% pa	3.76% pa
5 years	5.33% pa	4.50% pa
Since inception	5.37% pa	4.58% pa

\* Figures above are the returns received by members, net of all investment related fees, based on relevant unit prices. Non-pension account returns are also net of investment taxes. No investment tax applies to pension accounts.

**Cumulative investment performance**



**How we invest the assets in this investment option**

We use external investment managers and an investment consultant to assist us in the investment process.

The investment managers are regularly monitored by the Trustee and the fund's investment consultant.

**How is the return in this option achieved?**

The main factor affecting the returns for members in this option is the current level of short term interest rates in Australia. Any change in short term interest rates has an impact on future returns in this option.

For example, if the Reserve Bank of Australia (RBA) raises short term interest rates, new investments in this option will attract a higher interest rate. Conversely, a fall in short term interest rates will mean lower returns on new investments.

**Which Cash investments does AGEST hold?**

AGEST has established two individually tailored investment portfolios that hold all investments for the Cash option. Industry Funds Management and State Street Global Advisors have been employed to manage these portfolios for us.

Investments in the individual portfolios are held in our name (via our custodian).

An individual portfolio enables AGEST to set its own rules and guidelines, rather than being bound by the rules of a trust structure. For example, we have set our own restrictions on the types of investment that can be held within the portfolio.

**The investments in the Cash option are conservative, seeking short term money market returns with strong capital security.**

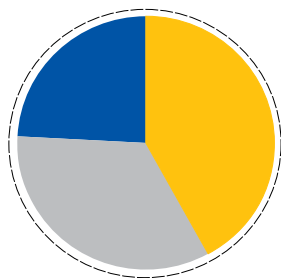
Returns and capital are not guaranteed by either the Australian Government or AGEST.

Only investments with less than 12 months to maturity are held in our portfolio.

**If you want exposure to fixed interest investments with a maturity greater than 12 months, you should consider our Fixed Interest investment option.**

The current maturity profile of the portfolio is shown below.

Days to Maturity	% held
less than 30 days	42
31 to 60 days	34
61 to 90 days	24
More than 90 days	0
<b>Total</b>	<b>100</b>



We invest in the following:

- ▶ bonds, notes or other securities issued by the Government of the Commonwealth of Australia or of any State or Territory thereof;
- ▶ term and other deposits with the National Australia Bank, Commonwealth Bank of Australia, Westpac Banking Corporation and Australia and New Zealand Banking Group;
- ▶ bills of exchange, promissory notes and other negotiable instruments accepted, drawn or endorsed by National Australia Bank, Commonwealth Bank of Australia, Westpac Banking Corporation and Australia and New Zealand Banking Group;
- ▶ deposits, loans and other securities representing monetary obligations which are guaranteed by the Government of the Commonwealth of Australia or of any State or Territory thereof;
- ▶ margin deposits as required with a futures broker;
- ▶ 11am deposits with any A1+ rated bank;
- ▶ plus other banks, subject to credit rating and portfolio weighting limits on individual institutions, credit rating and geography;
- ▶ minimum A1 rated commercial paper.

**Investment managers used for this option**

For full details of AGEST's investments with these managers please see the investments section of our website.

Investment Managers	% of option
BNP Paribas	4%
Industry Funds Management	48%
State Street Global Advisors	48%
	<b>100%</b>

**Tax treatment**

Investment earnings on non-pension accounts in a superannuation fund are taxed at 15%. Whilst this tax can be reduced if any capital gains tax concessions apply (where eligible assets are sold after being held for over 12 months), this does not apply in the Cash option.

Therefore the effective rate of tax payable in this option is 15%.

This tax has already been deducted from the non-pension accounts investment performance and unit price shown on page 1 of this report.

**Other important information**

- ▶ This report has been prepared by AGEST Super Pty Ltd, the Trustee of AGEST. The Australian Securities & Investments Commission (ASIC) has granted an Australian Financial Services Licence (No. 233707) to AGEST Super Pty Ltd. This allows the Trustee to provide superannuation products to members and prospective members of the fund. The contents of this quarterly report 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 AGEST's Combined Product Disclosure Statement and Financial Services Guide before making an investment decision.
- ▶ Past performance should not be taken as an indication of future performance.
- ▶ The past performance of an 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, within the ranges specified in the fund's Product Disclosure Statement (PDS), so past performance may be of little relevance to the future.

The investment objective, target return, investment profile and asset allocation shown in this report for this investment option 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 sources including investment management companies and professional investment advisers.

Based on these assumptions, the Trustee believes that the asset allocation set by the Trustee is suitable for this investment option, given its investment objective, and that the asset allocation is likely to enable the target return to be achieved over the period stated. However the future performance of this 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.

The expected number of years of negative returns in every 20 years is based on the above mentioned long term assumptions. Actual performance may be different from these assumptions.

- ▶ Investment managers are paid for their investment management services to the fund. Most managers are only paid a fixed fee (usually calculated as a percentage of assets under management). However, some managers receive a fixed fee plus a variable performance based fee where the fixed fee is lower than would otherwise be the case. The calculation of the performance based fee varies between managers and investment

sectors, however the calculation is typically a small percentage (eg.10%) of the manager's outperformance above a pre-determined benchmark plus an additional margin.

For example, if an Australian shares manager who is remunerated on a performance fee basis achieves a 15% return (after base fees) compared to the Australian ASX200 return of say 10%, and the margin above which a performance based fee is paid is 3%, then the manager will receive a performance based fee which is a small percentage of their 2% performance above the 13% (10% benchmark plus the 3% margin).

Further queries can be directed to:

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