

Annual Report 2011

strong
sustainable
super



Contents

Note from the Chair	1
Highlights	2
Sustainability	4
Review of the investment markets	6
Your investment	8
The team behind your super	17
Taxes, fees and charges	21
Financial statements	24
More information	26
Important changes	27

Issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558), as Trustee for Local Government Superannuation Scheme – Pool A (ABN 74 925 979 278) and Pool B (ABN 28 901 371 321) – collectively known as Local Government Super. This document contains general information only and is not intended to be a substitute for advice. It does not take into account any individual's or organisation's investment objectives, financial situation or particular needs. Accordingly any individual or organisation should seek professional advice that takes account of investment objectives, financial situation, and particular needs before making a decision in relation to any of the matters covered in this document.

Note from the Chair

Improving our service and our investment returns



Our main objectives over the last financial year were to consolidate our investment performance and to improve our service to our members.

In the wake of the global financial crisis, we undertook a review of our entire investment portfolio and our range of investment options to make sure we could improve our comparative and our actual investment returns over the medium to long term.

As a result, we achieved a remarkable turnaround in the 2009/10 financial year and I'm pleased to report that in the last financial year we built on this result with solid returns across all our investment options.

In recent times however, we have experienced a high degree of volatility in the markets and while this may have an impact on our returns in the short term, our main aim, as always, is to achieve sustainable long-term returns for all our members.

We have also been working hard to improve our service and over the last financial year we re-designed our website to offer more online services. We also increased the number of our financial planners and improved many of our communication materials, to make sure our members can always access high quality financial information and advice.

The annual report is not just pages and pages of financial details, it also includes some of the highlights of the financial year; details of who runs the fund and how they run it, and information about our investment options.

So I encourage you to take the time to read through the report and discover a bit more about your super fund.

Yours sincerely



John Beacroft
Chair

Highlights



Highlights of the last financial year

After we finalised the sale of our stake in FuturePlus, we undertook a wide range of changes to better establish the Local Government Super brand and improve our member services.

Our brand new logo

Our commitment to sustainability has become a unique part of our brand as it sets us apart from many other industry and retail super funds. Last year we re-designed our logo to incorporate sustainability while still reflecting our strong local government heritage.

The new logo now appears on all our signage and the entire range of our marketing and communication materials including brochures, letterheads and all our newsletters.

We also re-designed our website to reflect the new brand, to make it easier to use and to give our members access to a wider variety of information and online services.

We brought some of our key business functions in-house

One of our main aims was to build a more integrated team by bringing some of our key business functions in-house, and these functions included:

- Financial planning
- Client relationship management
- Marketing and communications
- Product development

We now have more Financial Planners and Client Relationship Managers to better serve the needs of members right across New South Wales.

New regional offices

As part of our new structure we have maintained fully-staffed Local Government Super offices in Sydney and Wollongong and moved our other office to Kotara just outside of Newcastle, a more convenient location for our members in that region.

We also established serviced offices in Parramatta, Lismore, Orange and Wagga Wagga where we meet with members by appointment only. We have recently extended our network and established another office in Tamworth.

Rankings

Super funds are regularly rated for their performance and the product and services they offer their members and Local Government Super has been highly ranked by two leading agencies.

SelectingSuper AAA rating

Leading financial services information company, SelectingSuper has confirmed Local Government Super's triple-A rating.



This rating means that Local Government Super is rated exceptionally well on organisational strength, administration, communications, investment performance, insurance and other services.

SuperRatings Gold ranking and Rising Star finalist

Australia's leading ratings agency for Super Funds, SuperRatings confirmed our Gold Ranking and we were also a finalist in the SuperRatings Rising Star award recognising our competitive service, insurance benefits, fees and strong fund governance.





Awards and recognition

Local Government Super was again recognised with a number of awards for our sustainable and responsible investment policy.



Sustainable Super Fund of the Year

In December 2010, at the tenth Ethical Investor Australian Sustainability Awards, we were named the Sustainable Super Fund of the Year in recognition of the way we have led the industry with a strong commitment to sustainable investing over the last ten years.



SuperRatings Infinity Award

We won the SuperRatings Infinity Award as an acknowledgment of our pursuit of leading responsible investment principles and open communication of these principles with our members.



Australian Business Award

For the second year running Local Government Super received an Australian Business Award for Environmental Sustainability based on the sustainability achievements across our direct property portfolio.



The Asset Owner Disclosure Project Climate Survey

In April, for the second year in a row, we topped the rankings for the way we manage the risks and opportunities of climate change.

Local Government Super grabbed the top spot in ten out of the eleven categories of the survey conducted by the Climate Institute and the Australian Institute of Superannuation Trustees (AIST), firmly positioning us as the industry leader when it comes to investment practice relating to climate change.

Sustainability

Sustainable and responsible investment

Our Sustainable and Responsible Investment Policy recognises that the long-term prosperity of the economy and the wellbeing of our members both depend on a healthy environment, social cohesion and the good governance of Local Government Super and the companies in which it invests.

We believe that a well-developed responsible investment strategy helps to generate long-term risk-controlled investment returns, and it also reflects the environmental and social concerns of our members.

There is increasing awareness from the institutional investor groups that sustainability type risks, often called environmental, social and governance (ESG) risks, can have a material impact on portfolio values and our members' long-term investment returns.

Our responsible investment and ESG risk management practices aim to integrate, monitor and manage these risks in order to safeguard our members' super investments.

Our commitment of over A\$3 billion invested in responsible investment strategies across Australian shares, international shares, property, and the absolute return and private equity asset classes, is by far the largest commitment of any Australian super fund.

For more detailed information on our approach to sustainable and responsible investing, just visit our website at www.lgsuper.com.au

Proxy voting

Local Government Super employs its shareholder rights as an owner of companies by actively undertaking proxy voting at the shareholder meetings of all ASX200 companies and 500 of the largest listed international companies.

This allows us to demonstrate our interest and to exercise our ownership influence on the governance practices of listed companies.



Local Government Super is a Foundation Member and client of an external expert group the Australian Council of Superannuation Investors (ACSI) who provide us with voting recommendations for Australian and international shares.

ACSI has developed Corporate Governance Guidelines that underpin its voting recommendations. These guidelines are a set of practices that ACSI believes companies should follow to achieve best practice corporate governance. They cover 25 topics, including board structure and operation and executive compensation.

As a broad rule, Local Government Super votes in accordance with ACSI recommendations. However we will also consider voting against other recommendations where we believe there is a significant environmental, social or governance risk which has or could lead to a loss of shareholder value.

Examples of proxy voting

The Board of Local Government Super considers climate change to be a material and important investment risk and fiduciary issue, and encourages all Boards to take a similar approach.

Over the course of the last financial year, we voted against the re-election of the directors of Aquila Resources after they refused to allow a vote on a shareholder-led resolution which would have required them to disclose their carbon emissions.

We voted for a shareholder proposal from the Climate Change Advocacy Fund at the Woodside Petroleum AGM requesting the company disclose the company's assumptions regarding future oil and carbon prices in its assessment of new and ongoing major capital expenditure.

Another issue on which we have taken a strong stance is executive remuneration. We have voted against company resolutions which we consider grant excessive remuneration packages to executives and directors.

In 2011, Local Government Super voted against the remuneration reports of 44 ASX-listed companies.

All contentious issues are referred to the Investment Committee for approval and the following table is a summary of our proxy voting for the 2010/11 financial year.

	No. of meetings	No. of resolutions	For votes		Against votes		Other votes		Unvoted	
			No.	%	No.	%	No.	%	No.	%
Half year: July–Dec 2010	183	1023	860	84.1%	146	14.3%	13	1.3%	4	0.4%
Half year: Jan–Jun 2011	62	452	411	90.9%	40	8.8%	1	0.2%	0	0.0%
Full financial year 2010/11	245	1475	1271	86.2%	186	12.6%	14	0.9%	4	0.3%

Review of the investment markets

Most sectors achieved quite solid returns over the 2010/11 financial year despite the market uncertainty which emerged in the June quarter mainly due to the worsening debt crisis in Europe.

Overall the standouts were Australian shares and listed property investments, particularly international listed property, but as our investment portfolio only has a relatively small allocation of international listed property, the impact on our overall returns was small.

The Australian share market finished the year 12.45% higher, with small companies leading the way. However, all of the positive performance occurred in the first half of the financial year and from April onwards there were three consecutive months of negative returns.

International share market returns were positive for the financial year but were hamstrung by the rising Australian dollar (\$A).

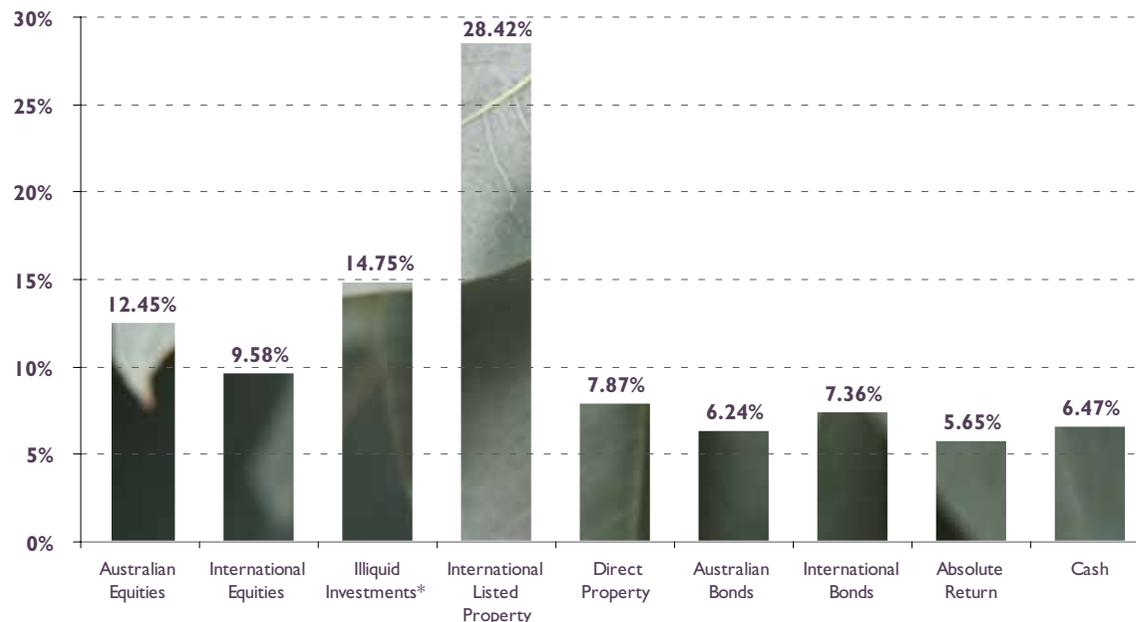
Once again, small companies led the way on international share markets, while emerging markets such as China and India lagged behind.

Our direct property investments returned 7.87% over the financial year and this reflects the property income we received but no capital gains on our investments.

Fixed income markets also achieved good returns, particularly corporate bonds and inflation linked bonds, which made small capital gains as well as income returns. Australian government bonds and cash both returned above 6%.

The Australian dollar increased in value strongly throughout the year, breaking through parity with the US dollar (\$US) in December and finishing the financial year at the highest level against the \$US since the currency was floated in 1983.

Investment returns for 2010/11



* Estimate of Quentin Ayers, Private Equity and Semi-Liquid returns

The \$A has appreciated by over 60% against the \$US since the low point in January 2009 and has also increased in value against all the other major currencies.

The Reserve Bank of Australia raised official interest rates in November 2010, the only rise during the 2010/11 financial year, and left them on hold despite the threat of rising inflation.

The outlook for the global economy weakened towards the end of the financial year, due to a number of factors including:

- The scaling back of government economic stimulus packages across the globe, particularly in Europe and the US
- Austerity budgets in the high-debt countries of Europe, compounded by the problems of re-financing their government debt
- Rising interest rates in the developing countries and in Australia
- High oil prices
- Weak consumer sentiment.

While the outlook for the global economy is uncertain, the Australian economy remains in relatively good shape and in a better position than many other countries to weather the effects of any global economic downturn.



'While the outlook for the global economy is uncertain, the Australian economy remains in relatively good shape...'

Your investment

This section of the Annual Report provides information on each of the investment options, along with more detailed information on past performance, asset allocations and definitions.

Net earnings rates (investment return on the assets after payment of transaction costs, taxes and other expenses) disclosed in the following tables may not be the same as the rate credited to a member's benefit because of the effect of cash flow timings.

The net earnings allotted to your account during this period are calculated daily, based upon the applicable unit prices of the underlying investment options you are invested in. These unit prices are derived from the market value of the investments in the underlying investment option after adjustments for taxes, fees and expenses.

You should note that any direct fees, contributions tax or expenses (such as insurance premiums) are deducted directly from your account and are not taken into account when deriving applicable unit prices.

Please note that the tables on the following pages show returns for the past net earning rates and these figures are not an indicator of future net earning rates. Member benefits invested in any particular investment option are not guaranteed and the value of their investment may fall.

Top 10 equity holdings as at 30 June 2011

Rank	Australian equity top 10 holdings	% portfolio holding	% of index ¹
1	BHP Billiton	10.72%	13.42%
2	Commonwealth Bank of Australia	6.86%	7.30%
3	Westpac	5.99%	6.52%
4	National Australia Bank	5.33%	5.12%
5	Australia and New Zealand Bank	4.85%	5.48%
6	Rio Tinto	3.59%	3.12%
7	Telstra	3.17%	2.82%
8	Woolworths	2.47%	2.80%
9	Wesfarmers	2.18%	3.36%
10	Origin Energy	2.00%	1.51%

Rank	International equity top 10 holdings	% portfolio holding	% of index ¹
1	Nestle Sa-Reg	1.19%	0.90%
2	Oracle Corp	1.16%	0.56%
3	Exxon Mobil	1.04%	1.70%
4	Walt Disney Co	0.99%	0.30%
5	Linde Ag	0.98%	0.12%
6	Accenture p/c – C/A	0.89%	0.15%
7	Heineken Holding NV	0.86%	0.02%
8	Walgreen Co	0.85%	0.16%
9	Cisco Systems Inc	0.82%	0.38%
10	Medtronic Inc	0.81%	0.18%

¹ This measure shows how much of that share is held by the overall market. For Australia the index used is the ASX 300. For international shares the index is called the MSCI which is made up of all the world indices, such as the Dow Jones, Nickei etc. So even though we may hold enough of a share for it to be in our top ten, we may still hold less than its share of the overall market.



Changes to our investment options

Please note that from 1 July 2011, we made a number of changes to the objectives and the asset allocations for all our investment options except for the 'Cash' option.

The following descriptions reflect the objectives and the asset allocations as at 30 June 2011 and you should refer to the relevant Product Disclosure Statement (PDS) for all the current details of our investment options.

High Growth

For high investment growth above the 'cash' rate over the longer term.

Definition - The High Growth option generally invests a very high proportion of its funds in growth assets, such as Australian and international equities, and property. This combination aims to earn high real investment growth above the 'cash' rate over a 9 year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this option. In other words, the value of the investment may fluctuate over the short term.

Objective - 3.5% net investment return per annum above the 'cash' rate, measured over a rolling 9 year period.

Risks - There is a significant chance that the investment value may decrease in the short term. The chance of a negative return in any year is 1 in 3.

Risk profile - High

Asset classes	Asset allocation ranges	Actual 2011 ²	Actual 2010 ²
Australian equities (or shares)	30% - 40%	36.0%	34.2%
International equities (or shares)	27% - 37%	33.2%	31.8%
International listed property	0% - 6%	3.9%	3.3%
Australian fixed income	0% - 5%	0.1%	0.2%
Australian inflation-linked bonds	0% - 5%	0.3%	1.1%
International fixed income	0% - 5%	0.0%	0.2%
Absolute return fund	1% - 10%	6.2%	6.4%
Cash	0% - 10%	4.1%	4.8%
Australian direct property ³	0% - 10%	6.2%	5.2%
Semi liquids ³	0% - 10%	2.5%	3.2%
Private equity ³	5% - 15%	7.5%	9.6%
Defensive illiquids ³	0% - 5%	0.0%	0.0%

Investment returns over 5 years for Pool A as at 30 June

	2007	2008	2009	2010	2011
Accumulation and Executive Schemes (Divisions A and E)	15.5%	-10.7%	-21.5%	13.1%	9.1%
Rollover Plan (Division F)	15.3%	-10.9%	-20.4%	12.0%	9.7%
Account-Based Pension Plan (Division F)	17.2%	-12.1%	-23.8%	14.6%	10.6%

1. Note that the objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

2. As at 30 June.

3. Note that the combined investments in these asset classes will not exceed 25% of the portfolio.



Balanced Growth

For real investment growth above the 'cash' rate over the medium to longer term.

Definition - The Balanced Growth option generally invests a high proportion of its funds in growth assets, such as Australian and international equities, and property. The balance is invested in income producing assets. This combination aims to earn real investment growth above the 'cash' rate over a 7 year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call

'short-term volatility' in this option. In other words, the value of the investment may fluctuate over the short term. This volatility is not as great as it is in the High Growth option.

Objective - 2.5% net investment return per annum above the 'cash' rate, measured over a rolling 7 year period.

Risks - There is potential for the value of the investment to decrease in the short term. The chance of a negative return in any year is 1 in 4.

Risk profile - High/Medium.

Asset classes	Asset allocation ranges	Actual 2011 ²	Actual 2010 ²
Australian equities (or shares)	21% - 31%	26.7%	25.3%
International equities (or shares)	20% - 30%	25.7%	24.5%
International listed property	0% - 6%	4.0%	3.3%
Australian fixed income	1% - 11%	5.0%	5.3%
Australian inflation-linked bonds	1% - 11%	5.3%	7.1%
International fixed income	1% - 11%	5.0%	5.1%
Absolute return fund	3% - 13%	10.8%	10.4%
Cash	0% - 10%	3.2%	3.1%
Australian direct property ³	0% - 10%	6.1%	5.2%
Semi liquids ³	0% - 10%	3.3%	4.1%
Private equity ³	1% - 11%	4.9%	6.6%
Defensive illiquids ³	0% - 6%	0.0%	0.0%

Investment returns over 5 years for Pool A as at 30 June

	2007	2008	2009	2010	2011
Accumulation and Executive Schemes (Divisions A and E)	13.4%	-7.3%	-17.8%	12.8%	9.1%
Rollover Plan (Division F)	11.9%	-7.6%	-18.0%	12.3%	8.5%
Account-Based Pension Plan (Division F)	14.6%	-8.0%	-19.5%	14.2%	9.9%

1. Note that the objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

2. As at 30 June.

3. Note that the combined investments in these asset classes will not exceed 25% of the portfolio.



Balanced

For real investment growth above the 'cash'¹ rate over the medium term.

Definition - The Balanced option generally invests a proportion of its funds in growth assets such as Australian and international equities, and property, semi liquids and private equity and the balance in income producing assets, such as interest bearing securities. This combination aims to earn real investment growth above the 'cash'¹ rate over a 5 year period. There are more assets that produce income, which makes

this option more stable than the High Growth and Balanced Growth options.

Objective - 1.5% net investment return per annum above the 'cash'¹ rate, measured over a rolling 5 year period.

Risks - Although the emphasis is on spreading your investment over various asset classes, there is a possibility that the value of the investment will decrease in the short term. The chance of a negative return in any year is 1 in 5.

Risk profile - Medium.

Asset classes	Asset allocation ranges	Actual 2011 ²	Actual 2010 ²
Australian equities (or shares)	11% - 21%	16.6%	15.5%
International equities (or shares)	10% - 20%	15.7%	14.6%
International listed property	0% - 6%	4.0%	3.6%
Australian fixed income	7% - 17%	11.0%	11.3%
Australian inflation-linked bonds	7% - 17%	11.5%	13.3%
International fixed income	7% - 17%	10.9%	11.0%
Absolute return fund	4% - 14%	12.1%	11.7%
Cash	0% - 10%	4.8%	3.7%
Australian direct property ³	0% - 10%	6.0%	5.1%
Semi liquids ³	1% - 11%	3.8%	4.8%
Private equity ³	0% - 10%	3.6%	5.4%
Defensive illiquids ³	0% - 8%	0.0%	0.0%

Investment returns over 5 years for Pool A as at 30 June

	2007	2008	2009	2010	2011
Accumulation and Executive Schemes (Divisions A and E)	10.3%	-3.7%	-14.8%	12.2%	7.7%
Rollover Plan (Division F)	9.0%	-4.0%	-15.0%	12.2%	7.8%
Account-Based Pension Plan (Division F)	11.0%	-4.6%	-16.6%	13.7%	9.0%

1. Note that the objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

2. As at 30 June.

3. Note that the combined investments in these asset classes will not exceed 25% of the portfolio.



Conservative

For shorter term investing with good security and some potential for growth.

Definition - The Conservative option generally invests a small proportion in growth assets and the balance in income-producing assets such as interest-bearing securities. This combination aims to earn real investment growth above the 'cash' rate over a 3 year period. Although it is relatively more stable than the High Growth, Balanced Growth and Balanced options, the returns and the value of the investment can still fluctuate.

Objective - 1% net investment return per annum above the 'cash'¹ rate, measured over a rolling 3 year period.

Risks - Although the emphasis is on spreading your investment over various asset classes, there is a possibility that the value of the investment will decrease in the short term. The chance of a negative return in any year is 1 in 8.

Risk profile - Medium/Low.

Asset classes	Asset allocation ranges	Actual 2011 ²	Actual 2010 ²
Australian equities (or shares)	1% - 11%	7.0%	5.8%
International equities (or shares)	1% - 11%	7.1%	5.8%
International listed property	0% - 6%	3.9%	3.0%
Australian fixed income	9% - 19%	13.3%	14.2%
Australian inflation-linked bonds	9% - 19%	13.4%	15.2%
International fixed income	9% - 19%	13.1%	14.2%
Absolute return fund	8% - 18%	16.1%	14.2%
Cash	5% - 15%	14.9%	13.5%
Australian direct property ³	0% - 8%	4.8%	3.8%
Semi liquids ³	5% - 15%	6.0%	8.8%
Private equity ³	0% - 6%	0.4%	1.5%
Defensive illiquids ³	0% - 10%	0.0%	0.0%

Investment returns over 5 years for Pool A as at 30 June

	2007	2008	2009	2010	2011
Accumulation and Executive Schemes (Divisions A and E)	7.2%	0.1%	-11.7%	11.7%	6.9%
Rollover Plan (Division F)	6.1%	-0.2%	-12.1%	11.8%	7.0%
Account-Based Pension Plan (Division F)	7.5%	-0.2%	-13.6%	13.2%	8.0%

1. Note that the objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

2. As at 30 June.

3. Note that the combined investments in these asset classes will not exceed 25% of the portfolio.



Cash

For investors who want exposure to investments in money market securities with a very low risk of capital loss.

Definition - The Cash option invests predominantly in short-term Australian money market assets. In addition, a small proportion of the assets (up to 15%) are invested in global interest type assets having a longer maximum term. This gives this option greater exposure to higher returns than by just investing in short-term domestic assets with only a small increase in the overall volatility of the returns. This option offers investments for short-term investors or those seeking less volatile returns.

Objective - 0.25% net investment return per annum above the 'cash'¹ rate, measured over a rolling 2 year period.

Risks - Depending on market volatility, there is a chance that this investment may experience a negative return but this is expected to only be for periods of no more than a month. Over longer time frames, the chance of a negative return would be remote.

Risk Profile - Low.

Indicative asset allocation - 100% Cash and income producing assets

Asset allocation as at 30 June	Indicative 2011	Actual 2011	Actual 2010
Cash and income-producing assets	100%	100%	100%

Investment returns over 5 years for Pool A as at 30 June

	2007	2008	2009	2010	2011
Accumulation and Executive Schemes (Divisions A and E)	6.7%	4.8%	4.7%	4.9%	4.9%
Rollover Plan (Division F)	5.7%	5.0%	4.4%	4.8%	4.9%
Account-Based Pension Plan (Division F)	6.8%	5.1%	5.0%	5.2%	5.7%

1. Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.



Growth - Retirement Scheme (Pool B)

For real investment growth above the 'Cash' rate over the medium to long term.

Definition - The Growth strategy generally invests a very high proportion of its funds in growth assets such as Australian and international equities, and property. The balance is invested in income producing assets. This combination aims to earn real investment growth over a 7 year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over

the short term. This volatility is not as great as it is in the High Growth option.

Objective – 3% net investment return per annum above the 'cash' rate, measured over a 7 year period.

Risks - There is a significant chance that the investment value may decrease in the short term. The chance of a negative return in any year is 1 in 4.

Risk profile - High/Medium.

Asset classes	Asset allocation ranges	Actual 2011 ²	Actual 2010 ²
Australian equities (or shares)	25-35%	28.7%	27.4%
International equities (or shares)	23-33%	27.1%	27.2%
International listed property	0% - 6%	3.8%	3.2%
Australian fixed income	0% - 8%	2.3%	2.3%
Australian inflation-linked bonds	0% - 8%	4.6%	3.1%
International fixed income	0% - 8%	2.3%	2.1%
Absolute return fund	3% - 13%	10.7%	10.4%
Cash	0% - 10%	2.7%	2.3%
Australian direct property ³	0% - 10%	9.6%	13.3%
Semi liquids ³	0% - 10%	2.1%	2.3%
Private equity ³	4% - 14%	6.1%	6.4%
Defensive illiquids ³	0% - 5%	0.0%	0.0%

Investment returns over 5 years as at 30 June

	2007	2008	2009	2010	2011
Retirement Scheme (Pool B) Contributory	14.3%	-7.9%	-19.7%	10.4%	9.0%
Retirement Scheme (Pool B) Deferred	13.5%	-8.8%	-20.7%	10.2%	7.9%
Retirement Scheme (Pool B) Other Contributions Account	14.1%	-8.2%	-20.0%	10.0%	10.8%

1. Note that the objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

2. As at 30 June.

3. Note that the combined investments in these asset classes will not exceed 25% of the portfolio.

Member Investment Choice

Retirement Scheme members only (Division B)

In addition to the 'Growth' strategy, Retirement Scheme members also have access to member investment choice.

Members can choose one of the five (5) investment options: High Growth, Balanced Growth, Balanced, Conservative or Cash.

Members can elect an investment option for the following benefit components:

For Contributory members

- Your Contributor Financed Benefit; and
- Other Contributions account

For Deferred members

- Your total account balance

These investment options were introduced in 2005 and the table on this page shows investment returns for the last five financial years.

Investment returns as at 30 June 2007–2011

As at 30 June 2007				
Investment Options	Contributor Financed Benefit	Other Contributions Account	Deferred Members	
High Growth	15.6%	15.2%	14.6%	
Balanced Growth	12.8%	12.5%	11.9%	
Balanced	9.9%	9.6%	9.1%	
Conservative	7.0%	6.7%	6.2%	
Cash	6.9%	6.6%	6.1%	

As at 30 June 2008				
Investment Options	Contributor Financed Benefit	Other Contributions Account	Deferred Members	
High Growth	-11.6%	-11.9%	-12.4%	
Balanced Growth	-8.0%	-8.3%	-8.7%	
Balanced	-4.5%	-4.8%	-5.3%	
Conservative	-1.2%	-1.5%	-1.9%	
Cash	4.3%	4.0%	3.6%	

As at 30 June 2009				
Investment Options	Contributor Financed Benefit	Other Contributions Account	Deferred Members	
High Growth	-21.5%	-21.4%	-22.1%	
Balanced Growth	-17.0%	-17.1%	-17.8%	
Balanced	-13.3%	-13.6%	-13.9%	
Conservative	-9.7%	-9.8%	-10.4%	
Cash	5.1%	4.8%	4.7%	

As at 30 June 2010				
Investment Options	Contributor Financed Benefit	Other Contributions Account	Deferred Members	
High Growth	13.6%	13.2%	13.2%	
Balanced Growth	13.0%	13.2%	12.8%	
Balanced	12.4%	12.6%	12.2%	
Conservative	11.8%	12.5%	12.5%	
Cash	5.0%	4.4%	4.8%	

As at 30 June 2011				
Investment Options	Contributor Financed Benefit	Other Contributions Account	Deferred Members	
High Growth	10.7%	11.4%	8.5%	
Balanced Growth	10.4%	12.5%	9.0%	
Balanced	9.0%	10.4%	7.8%	
Conservative	8.2%	10.2%	6.6%	
Cash	5.8%	7.9%	4.8%	



Defined Benefit Strategy (Pool B)

For real investment growth over the medium to long term.

Definition - The Defined Benefit strategy generally invests a high proportion of its funds in growth assets, such as Australian and international equities, and property. The balance is invested in income producing assets. This combination aims to earn real investment growth above the 'cash'¹ rate over a 10 year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short term.

Objective – 7% net investment return per annum over a 10 year period.

Risks - As this is a defined benefit scheme any downside risk is effectively underwritten by the Employers.

Risk profile - High/Medium

Please note that the returns shown in the 2010 Annual Report for the Defined Benefit Scheme were understated. The figures which appeared on page 11 of the report in the table under the heading "Investment returns over 5 years as at 30 June" should have shown the following returns for the period up to 30 June 2010:

Defined Benefit Scheme (Pool B) Contributory	10.8%
Defined Benefit Scheme (Pool B) Deferred	10.7%
Defined Benefit Scheme (Pool B) Accumulation Account	10.4%

Asset classes	Asset allocation ranges	Actual 2011 ²	Actual 2010 ²
Australian equities (or shares)	21-31%	28.3%	27.4%
International equities (or shares)	20-30%	27.7%	27.3%
International listed property	0-6%	2.5%	2.7%
Australian fixed income	0-8%	2.1%	2.1%
Australian inflation-linked bonds	0-8%	3.1%	3.1%
International fixed income	0-8%	2.2%	2.0%
Absolute return fund	3-13%	9.1%	10.4%
Cash	0-10%	3.9%	2.4%
Australian direct property ³	12-22%	12.7%	13.2%
Semi liquids ³	0-6%	1.9%	2.3%
Private equity ³	2-12%	6.5%	7.1%
Defensive illiquids ³	0-5%	0%	0%

Investment returns over 5 years as at 30 June

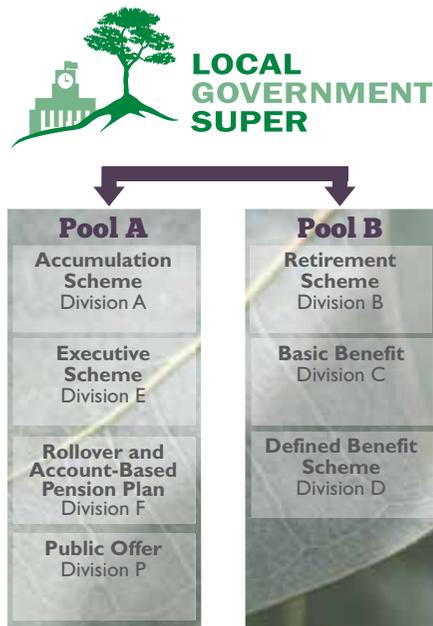
	2007	2008	2009	2010	2011
Defined Benefit Strategy (Pool B) Contributory	14.3%	-7.9%	-19.7%	10.8%	8.4%

1. Note that the objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

2. As at 30 June.

3. Note that the combined investments in these asset classes will not exceed 25% of the portfolio.

The team behind your super



About the Trustee

The Local Government Superannuation Scheme was established on 1 July 1997 specifically for employees of NSW Local Government employers.

Now referred to as Local Government Super, it is divided into two pools (Pool A and Pool B). LGSS Pty Limited (ABN 68 078 003 497) is the Trustee of Pool A (ABN 74 925 979 278) and Pool B (ABN 28 901 371 321). Both pools are complying superannuation funds and are subject to concessional taxation treatment.

The Trustee is a non-profit company solely engaged in the management and control of Local Government Super's assets for the benefit of its members. This means that all profits go back to members.

Governance

The Trustee is responsible for managing Local Government Super which includes the safekeeping of assets and ensuring it operates in accordance with the Trust Deed, the Corporations Act 2001, the Superannuation Industry (Supervision) Act 1993 (SIS) and other relevant superannuation legislation (Superannuation Laws).

Role of the Board

The Board is responsible for setting the overall strategy and ensuring Local Government Super is operating in accordance with the Trust Deed and all applicable laws.

There are eight Directors on the Board of the Trustee Company. To comply with the equal representation requirements of SIS, four of the Directors are appointed by employer associations and four are appointed by the unions.

The Board meets monthly and receives and reviews reports from management and its service providers. Where necessary, the Board calls upon specialist advice from advisors such as solicitors, accountants and the actuary.

The Board has in place an Investment Committee and an Audit, Compliance and Risk Management Committee to allow it to oversee the operations in greater detail.

The Investment Committee (made up of Ian Robertson – Chair, Sam Byrne, Beverly Giegerl and Martin O'Connell) generally meets twice a quarter. The main function of the Committee is to monitor the performance of the investment managers and oversee the work of the internal investment team and the external Asset Consultant.

The role of the Audit, Compliance and Risk Management Committee (made up of Leo Kelly – Chair, John Beacroft, Graeme Kelly and Bruce Miller) is to monitor the Trustee's compliance with its various licences and the effectiveness of its risk management processes; to review the internal controls of its service providers and ensure that they comply with their delegated authorities and agreed service standards.

Audit, Compliance and Risk Management Committee meetings are also attended by Local Government Super's External Auditor. The Committee generally meets quarterly.

Industry Regulators

The Trustee holds a Registrable Superannuation Entity (RSE) licence which is regulated by APRA. Pool A and Pool B are both Registered Superannuation Entities under the SIS legislation.

The Trustee also holds an Australian Financial Services Licence (AFSL) to cover the services provided by its financial planners and customer relationship managers. This licence is regulated by ASIC.

Indemnity insurance

The Trustee is indemnified by a policy of insurance which helps protect Local Government Super in the event of a claim against its assets.

Your Board



John Beacroft (Chair)¹

Appointed by the United Services Union
Former Local Government employee in finance departments of various city and regional councils for over 40 years
Appointed to the Board on 26 March 2008.



Sam Byrne

Appointed by the Local Government Association of NSW
Former Councillor - Marrickville Council
Former Executive Member - Local Government Association of NSW
Member - The Greens
Appointed to the Board on 26 September 2007.



Beverley Giegerl

Appointed by the Local Government Association of NSW
Councillor - Hurstville City Council
Former Treasurer - Local Government Association of NSW
Appointed to the Board on 1 September 2003.



Graeme Kelly²

Appointed by the United Services Union
Has over 20 years' experience with the United Services Union and currently holds the position of General Secretary.
Appointed to the Board on 31 March 2011.



Leo Kelly OAM (Deputy Chair)¹

Appointed by the Local Government Association of NSW
Councillor and former Mayor - Blacktown City Council
Former Vice President - Local Government Association of NSW
Chair - Audit, Compliance and Risk Management Committee
Appointed to the Board on 8 September 1999.



Bruce Miller³

Appointed by the Shires Association of NSW
Councillor 1991 to present - Cowra Shire Council
Former Mayor 1994-2008 - Cowra Shire Council
Immediate Past President - Shires Association of NSW
Chair - StateCover Mutual
Appointed to the Board on 1 July 2011



Martin O'Connell

Appointed by the Local Government Engineers' Association
Director - Local Government Engineers' Association and Association of Professional Engineers, Scientists and Managers, Australia (NSW Branch)
Appointed to the Board on 18 October 1999.



Ian Robertson

Appointed by the Development and Environmental Professionals' Association (depa)
Secretary - depa
Chair - Investment Committee
Chair - Determinations Committee
Appointed to the Board on 26 March 1997.

¹ John Beacroft replaced Leo Kelly as Chair and Leo Kelly replaced Ian Robertson as Deputy Chair from 1 April 2011.

² Graeme Kelly was appointed on 31 March 2011 to replace Monica Clavijo who resigned on 30 March 2011.

³ Bruce Miller was appointed on 1 July 2011 to replace Col Sullivan who resigned on 30 June 2011.

2010/11 meeting attendance by Directors

The attendance by directors at meetings of the Board and its Committees from 1 July 2010 to 30 June 2011 was as follows:

Board

Director	Meetings held during tenure	Number of meetings attended
Beacroft, John	11	11
Byrne, Sam	11	9
Clavijo, Monica	8	5
Giegerl, Beverley	11	10
Kelly, Graeme	3	2
Kelly, Leo	11	11
Miller, Bruce	0	0
O'Connell, Martin	11	10
Robertson, Ian	11	11
Sullivan, Col	11	7

Audit, Compliance & Risk Management Committee

Director	Meetings held during tenure	Number of meetings attended
Beacroft, John	5	5
Clavijo, Monica	4	2
Kelly, Graeme	1	1
Kelly, Leo	5	4
Miller, Bruce	0	0
Sullivan, Col	5	3

Investment Committee

Director	Meetings held during tenure	Number of meetings attended
Byrne, Sam	6	4
Giegerl, Beverley	6	3
O'Connell, Martin	6	6
Robertson, Ian	6	6

Directors' remuneration

Total annual fees paid (\$000)	No. of directors
0 – 20	1
20 – 40	1
40 – 60	6
60 – 80	1

The annual directors' fees are payable either to the individual director or to their appointing shareholder.

Executives' Remuneration

Total remuneration paid (\$000)	No. of executives
300 – 400	1
400 – 500	1



About the service providers

The Trustee engages external experts such as investment advisers and investment managers, administrators, a custodian, accountants, solicitors and auditors to assist it with its obligations.

The Trustee reviews its service providers regularly and may make changes from time to time.

Administrator

The administrator of Local Government Super is FuturePlus Financial Services Pty Limited. The administrator attends to the day-to-day operations under a written service agreement.

Actuary

Mercer Human Resource Consulting

Asset Consultant

Mercer (Australia) Pty Limited

Auditor

Deloitte Touche Tohmatsu

Custodian

JPMorgan Chase Bank

Group Life Insurer

TAL (formerly called Tower Life)

Professional Indemnity Insurer

Zurich

Investment managers at 30 June 2011

AMP Capital Investors Limited

AQR Capital Management, LLC

Attunga Capital Pty Ltd

Arnhem Investment Management Pty Ltd

BlackRock Investment Management Australia Limited

BT Investment Management Ltd

Colonial First State Investments Limited

Five Oceans Asset Management Pty Limited

H3 Global Advisors Pty Ltd

Hawkesbridge Limited

Impax Asset Management Group Limited

Independent Asset Management Pty Ltd

LSV Asset Management

Macquarie Investment Management Limited

MFS Institutional Advisors, Inc

Pareto Investment Management Limited

PIMCO Australia Pty Ltd

QIC Limited

Quentin Ayers Pty Limited

Schroders Investment Management Australia Limited

State Street Global Advisors Australia Limited

Vanguard Investments Australia Ltd

Wellington Management Company, LLP

Wilshire Australia Pty Limited

Winton Global Alpha Fund

Legal advisor

DLA Piper

Taxes, fees and charges

General tax information

Local Government Super is required to pay tax of up to 15% on all employer contributions¹ received (including contributions made by way of salary sacrifice). Any tax payable in respect of these contributions is deducted from your account. Personal contributions made on an after-tax basis are not subject to tax.

From 1 July 2005, the Federal Government abolished the surcharge payable on certain superannuation contributions. However, any debt accrued prior to this date is still payable and will be deducted from your account. The Australian Tax Office (ATO) determines the amount of surcharge (if any) which relates to your contributions. All surcharge amounts are deducted from your account and paid to the ATO on your behalf (except for the Retirement and Defined Benefit Schemes, where it is held as a debt until the time your benefit is paid).

The Government introduced a temporary flood levy to apply to income from 1 July 2011 to 30 June 2012. It will apply to individuals who receive a superannuation lump sum payment where the total taxable component is over \$50,000 for the 30 June 2012 year, and where no flood levy exemption has been granted.

An anti-detriment payment is a lump sum amount that is paid in addition to the account balance of a deceased member to the trustee of the deceased estate (for the benefit of the spouse, former spouse or child) or to a spouse, former spouse or child of the deceased member. The anti-detriment payment is only made where the benefit is paid as a lump sum and represents a refund of the 15% contributions tax levied against the deceased member's superannuation entitlements during their lifetime.

Fees and other costs

There are a number of fees levied by Local Government Super. These include:

Investment costs and expense recovery fee

These are the fees and costs for investing the assets and for payment of certain other costs associated with operating Local Government Super (full details of these types of fees can be found on our website or in your Product Disclosure Statement). Note that investment management fees are not charged directly to your account. These fees are applied daily on the market value of the assets in each particular investment option and are deducted prior to the declaration of the relevant unit price.

Administration fee

The Trustee sets the administration fee at the level needed to recover the cost of administering a member's account. Where applicable, this fee is charged on a weekly basis. A separate administration fee was not applied to the Rollover Plan, Account-Based Pension Plan, the Defined Benefit Scheme (Division D) or deferred accounts. The following pages list all fees charged to members' accounts. For further details refer to the Product Disclosure Statement, contact Member Services on 1300 369 901 or visit the website www.lgsuper.com.au

Member protection

If you are a protected member, any administration fee deducted from your account cannot exceed the earnings on your account balance in that financial year. This means that your account balance will not fall because of administration fees (excluding insurance and taxes). During the last financial year, account balances with less than \$1,000 were protected. It is important to note that during times of poor or negative investment returns member protection will not apply. Superannuation Law provides that in such times the Trustee can charge a protected member a nominal administration fee of no more than the investment return, plus \$10.

¹ Net of allowable deductions e.g. Administration and insurance fees



Administration, other fees and insurance premiums charged in Pool A

For the year ended 30 June 2011	Accumulation Scheme	Executive Scheme	Rollover and Account-Based Pension
Administration Fee Non contributing member	\$4.33 per month	\$4.33 per month	N/A
Administration fee Contributing member	\$4.33 per month	\$6.33 per month	N/A
Basic Death or Invalidity cover	\$15 per month	\$25 per month ¹	N/A
Benefit Payment fee	\$20	\$30	No charge
Optional investment switch in any financial year	\$20 per switch ²	\$30 per switch ²	No charge
Voluntary insurance	The cost will vary depending on the amount insured and other factors.		N/A

Management costs charged in Pool A

Management costs charged to Division A³ and E³ members for the year ended 30 June 2011

Months	High Growth	Balanced Growth	Balanced	Conservative	Cash
July–Sept	0.83%	0.81%	0.77%	0.75%	0.65%
Oct–June	0.88%	0.86%	0.82%	0.79%	0.72%

Management costs charged to Division F⁴ members for the year ended 30 June 2011

Months	High Growth	Balanced Growth	Balanced	Conservative	Cash
July–Sept	0.82%	0.79%	0.76%	0.74%	0.64%
Oct–June	0.82%	0.80%	0.77%	0.73%	0.66%

Administration fees charged in Pool B

	Retirement Scheme	Defined Benefit Scheme
Administration fee - contributory	\$4.33 per month	N/A
Administration fee - deferred	N/A	N/A
Administration fee - Other Contributions account	N/A	N/A

¹ Only available to new members from 1 July 2005.

² The first switch is free in any financial year. Any subsequent switches in that financial year are charged at the stated amount.

³ Maximum 1% fee applies for all investment options.

⁴ The management costs include investment management, financial planning and account administration.



Management fees charged in Pool B (Accumulation accounts only)

Management costs charged in Division B to contributory members excluding any Other Contributions Account for the year ended 30 June 2011¹

Months	High Growth	Growth	Balanced Growth	Balanced	Conservative	Cash
July–Sept	0.23%	0.26%	0.21%	0.17%	0.15%	0.05%
Oct–June	0.24%	0.27%	0.21%	0.18%	0.14%	0.07%

Management costs charged in Division B to contributory members for the Other Contributions Account for the year ended 30 June 2011²

Months	High Growth	Growth	Balanced Growth	Balanced	Conservative	Cash
July–Sept	0.75%	0.73%	0.73%	0.69%	0.67%	0.57%
Oct–June	0.80%	0.79%	0.78%	0.75%	0.71%	0.64%

Management costs charged in Division B to deferred members for the year ended 30 June 2011³

Months	High Growth	Growth	Balanced Growth	Balanced	Conservative	Cash
July–Sept	0.75%	0.73%	0.73%	0.69%	0.67%	0.57%
Oct–June	0.80%	0.79%	0.78%	0.75%	0.71%	0.64%

Family law fees

As at 30 June 2011, the following fees were payable for the provision of Family Law information and for the actual “splitting of the benefit”.

Further details of fees and charges are provided in your annual member statement and also in the Product Disclosure Statements which are available at www.lgsuper.com.au

Accumulation Scheme, Executive Scheme and Rollover and Account-Based Pension (includes GST)

Request for information ⁴	\$110
Benefit split fee ⁵	\$88

Retirement, Basic Benefit and Defined Benefit Schemes (includes GST)

Request for information ⁴	
Current members	\$275
Deferred members	\$110
Pensioners	\$110
Benefit split fee ⁵	\$88

¹ A maximum 0.55% fee applies for the Contributor Financed Benefit.

² A maximum 1.0% fee applies for the Other Contributions Account.

³ A maximum 1.0% fee applies.

⁴ This fee is payable by the person requesting the information.

⁵ This fee is generally payable by the member and non-member spouse in equal parts (\$44 each). However, if the non-member spouse is entitled to the whole amount of a splittable payment, the entire amount is payable by the non-member spouse. The member's share of the fee is deducted from the member's account and the non-member spouse's share is deducted from the non-member spouse's splittable payment prior to the transfer of the payment out of the Scheme.

Financial statements

Pool A

Operating statement for the year ended 30 June 2011

	30-Jun-11 (\$'000)	30-Jun-10 (\$'000)
Revenue		
Net investment revenue	267,769	307,368
Employer contributions	233,870	217,577
Member contributions	20,182	18,521
Transfers in	264,490	213,334
Other revenue	8,319	4,381
Total revenue	794,630	761,181
Less outgoings		
Administrative expenses	30,734	27,017
Contributions surcharge	7	(23)
Income tax expense	50,656	56,236
Total outgoings	81,397	83,230
Benefits accrued as a result of operations	713,233	677,951

Large investments

Local Investment Fund (LIF) is a wholesale investment trust and the majority of the assets of Local Government Super are invested through LIF. The investment pool of LIF is allocated to a range of investment managers. Investment managers (and/or their weightings) are changed at appropriate times. Other than investments made through LIF, during the year there were no individual investments that exceeded 5% of Pool A assets, or 5% in a single enterprise.

Statement of financial position for the year ended 30 June 2011

	30-Jun-11 (\$'000)	30-Jun-10 (\$'000)
Investments		
Unit trusts	3,249,652	2,756,178
Total investments	3,249,652	2,756,178
Other assets		
Cash	56,542	43,373
Receivables	199	383
Deferred tax asset	50,043	47,427
Total assets	3,356,436	2,847,361
Less liabilities		
Payables	6,734	8,799
Current tax liability	39,669	34,338
Total liabilities	46,403	43,137
Net assets available to pay benefits	3,310,033	2,804,224

The complete Financial Statements, including the Auditor's Report, are available on request by calling Member Services on 1300 369 901 or on our website www.lgsuper.com.au

Pool B

Statement of changes in net assets for the year ended 30 June 2011

	30-Jun-11 (\$'000)	30-Jun-10 (\$'000)
Net investment revenue	265,165	288,985
Employer contributions	191,065	190,587
Member contributions	12,529	14,638
Transfers in	6,674	3,741
Total revenue	475,433	497,951
Less outgoings		
Benefits paid	246,268	186,078
Administrative expenses	18,182	15,952
Contributions surcharge	8	19
Income tax expense	48,820	66,398
Total outgoings	313,278	268,447
Net profit	162,155	229,504

Large investments

Local Investment Fund (LIF) is a wholesale investment trust and the majority of the assets of Local Government Super are invested through LIF. The investment pool of LIF is allocated to a range of investment managers. Investment managers (and/or their weightings) are changed at appropriate times. Only one other investment other than investments made through LIF exceeded 5% of Pool B assets, or 5% in a single enterprise. This was the Local Government Property Fund.

Statement of net assets for the year ended 30 June 2011

	30-Jun-11 (\$'000)	30-Jun-10 (\$'000)
Investments		
Unlisted equities and trusts	2,846,329	2,678,812
Deferred tax asset	75,741	75,855
Cash	18,795	21,483
Receivables	149	131
Total assets	2,941,014	2,776,281
Less liabilities		
Payables	4,681	4,114
Current tax liability	42,959	40,948
Total liabilities	47,640	45,062
Net assets available to pay benefits	2,893,374	2,731,219

The complete Financial Statements, including the Auditor's Report, are available on request by calling Member Services on 1300 369 901 or on our website www.lgsuper.com.au

More information

Complaints

With our focus on quality service and transparency, the Trustee wishes to ensure that any enquiries or complaints are handled courteously and promptly. We hope that you will always receive satisfactory service and that all your enquiries are promptly attended to. However, if you are dissatisfied with the service you are receiving, you may lodge a formal complaint. This should be made in writing to:

Complaints Resolution Manager
Local Government Super
PO Box N835
Grosvenor Place NSW 1220

The Complaints Resolution Manager will consider your complaint on behalf of the Trustee and provide you with a response as soon as possible. If you are not satisfied with the response, or your complaint has not been resolved within 90 days, you have the option of referring your complaint to the Superannuation Complaints Tribunal. The Tribunal is an independent body established by the Commonwealth Government to review certain types of decisions. The contact details are:

Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001
Ph: 1300 884 114

Pool A reserves

Operational Risk Reserve (ORR)

The ORR operates principally to meet any remaining self-insured death/invalidity claims within Pool A and generally to protect the Scheme from other contingent events or the need for capital expenditure. A specific amount of \$100,000 is also maintained in the ORR at all times to satisfy one of the requirements of the Trustee's public offer RSE licence.

Administration and tax reserves

Deductions are made from members' accounts and investment earnings to pay for Local Government Super's income tax liabilities and operational expenses. The administration and tax reserves are invested in cash and apply towards the expenses they relate to as and when they become payable. Changes to the balance held in each of the abovementioned reserve accounts as at 30 June for the last three years are as follows:

Year	Admin (\$'000)	Tax (\$'000)	ORR (\$'000)
2009	99	4,590	5,278
2010	73	(5,286)	(121)
2011	232	(524)	175

Reserves

The assets which support these reserves are held effectively in cash, either in a bank account, a cash management account or as a cash investment in a unit trust.

Derivatives

Derivatives are used to adjust the weightings of the various portfolios in line with the overall investment strategy. Various derivatives may be applied, such as futures and options. Strict investment guidelines detail all limits approved on the use of derivatives that are in place. Currency hedging activities are also carried out in relation to the international equities

portfolio, within strictly defined parameters. Derivatives can also be used to protect against possible adverse moves in the markets, to implement tactical asset allocations, or to enter or exit the market at a defined price level. Under no circumstances can they be used to gear the investment portfolio or be used for speculative trading. Various managers in LIF have, at times, made use of derivatives as part of their portfolio management activities during 2010/2011. The Trustee requires that all derivative positions (a) are fully cash covered; (b) are offset to existing assets; or (c) are used to alter the exposures in underlying asset classes.

Eligible Rollover Fund

An Eligible Rollover Fund (ERF) is a fund which is established for the purpose of accepting and protecting benefits in respect of members of superannuation funds. If transferred to an ERF, a member ceases to have any rights which he or she previously had against the transferring fund. The Trustee has nominated 'Australia's Unclaimed Super Fund' (AUSfund)¹ as the ERF to which such members' benefits may be paid.

Contact details are as follows:

AUSfund Administration

PO Box 2468
Kent Town SA 5071
Ph: 1300 361 798
Fax: 1300 366 233

The Trustee will transfer a benefit to the nominated ERF in circumstances where a benefit is split under family law. A benefit may also be transferred to that ERF for inactive accounts (where no superannuation contributions are being made) with a balance of less than \$400.

¹ Industry Funds Investments Limited (IFI) - ABN 17 006 883 227, AFSL 229881 is the Responsible Entity of AUSfund, Australia's Unclaimed Super Fund - ABN 85 945 681 973.

Important changes

Changes to investment options

The Trustee added a new asset class, Defensive illiquid, to various investment options and also made some minor changes to the asset allocation ranges for the following asset classes:

- Absolute return funds
- Australian inflation-linked bonds
- Australian fixed income
- International fixed income

These changes were ongoing through the course of the 2010/2011 financial year and for more information, refer to the relevant Product Disclosure Statement (PDS).

Legislative changes

Use of Tax File Numbers (TFNs) for superannuation identification

The Superannuation Industry (Supervision) Act 1993 (SIS) has been amended to allow trustees of superannuation funds to use TFNs as the primary identifier on members' accounts (although this is not compulsory).

The use of TFNs will also facilitate the consolidation of multiple member accounts, both in the same superannuation fund and across multiple superannuation funds.

Abolition of the age limit on payment of the Superannuation Guarantee

A Bill is currently before the House of Representatives to abolish the age limit for Superannuation Guarantee contributions. At the moment these contributions are only payable up to the age of 70.



This Annual Report is printed on Impress, an environmentally responsible paper manufactured using Elemental Chlorine Free (ECF) pulp sourced from sustainable, well managed forests. Impress is certified under ISO 14001 international environmental management systems.

