

# Annual Report 2006



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Prepared by the Trustee of AUSfund, Australia's Unclaimed Super Fund – Industry Funds Investments Limited ABN 17 006 883 227 AFSL 229881 RSE License L0000413 and Registration R1000795

Neither AUSfund, nor any of its advisers or service providers guarantee the performance of the fund. Any information contained in this document is general information only.

We have not taken into account your individual investment objectives, financial position or needs. Before making a decision on the basis of the information contained in this document, you need to consider whether it is appropriate in light of your own circumstances. You should refer to our current Member Information Guide (Product Disclosure Statement). You may wish to consult a licensed financial adviser for advice on your particular needs. Past performance is not indicative of future performance.

## YOU'RE MOVING FORWARD BUT YOU'VE LEFT YOUR UNCLAIMED SUPER WITH US...

AUSfund works hard to look after your unclaimed super. In this financial year alone we've paid a 13% return to eligible members. But your unclaimed super could work even harder if rolled into your **active** account. Having all your super in one account can reduce fees, meaning more money at retirement.

### Rescue your lost super- immediately and at no charge!

If you are an AUSfund member, we have tried to make it as easy as we can for you to rollover your balance into an active superannuation account. Many of you will have received a rollover form with this Report, or you can get one from our website, [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au). Or, you can phone us on **1300 361 798**.

The rollover form is simple and easy - fill it out and send back to us. We will do the rest. It's your super and it should be working hard for your retirement. Administration fees apply. Please refer to AUSfund's Member Information Guide (PDS) or phone us on **1300 361 798**.

### We do other things to reunite members with lost super...

At AUSfund we understand that many members do not realise they have lost super, or do not have the time to follow up on consolidating all their super into an active account.

AUSfund regularly conducts cross fund matching searches to find active accounts that belong to our members in other partner superannuation funds. If we find an active account in your name, we transfer your AUSfund balance to that account and notify you in writing. If your account is more than \$3000, we will write to you and ask you whether you would like to transfer your account balance. The combined efforts of AUSfund and our partner funds has resulted in almost \$136 million being transferred into people's active super accounts on behalf of 330,000 members over the past few years.

**If you do not want us to undertake cross fund matching on your behalf, or transfer your AUSfund benefits to an active super account in your name, please let us know by writing to us at the address provided on the back cover of this booklet.**

So that we can inform you about your super, we search for lost members' current addresses and contact details using the services of Baycorp Advantage Marketing Solutions Pty Ltd. Additionally, we work with the Australian Taxation Office (ATO) and use its SuperMatch service to find matches with unclaimed superannuation held by the ATO (SG and SHASA payments).

## AUSfund TV CAMPAIGN

As part of our ongoing commitment to reuniting people with their lost super, AUSfund continues to run a national television campaign designed to help members realise that they can find and rescue lost super that we are looking after – and at no charge.

## AUSfund - A MARKET LEADER

In a recent review of the eligible rollover fund (ERF) sector by two rating agencies, AUSfund was rated the highest performing fund delivering best value for money to its members.

The Heron Partnership and SuperRatings concluded that AUSfund was the market leader in the ERF industry. Some of the main findings of the research, which was commissioned by AUSfund, included that AUSfund delivers:

- Strongest long-term investment returns\*
- Lowest fees ^
- A genuine service aimed at reuniting people with their lost and unclaimed super money.

The Heron Partnership assessed ERFs according to defined criteria including organisation, fees, investment arrangements and service to members, which focused primarily on attempts to relocate lost members.

SuperRatings awarded a platinum rating to AUSfund – the only ERF to achieve this top ranking.

\* Past performance is not a reliable indicator of future performance. Measured over 5 years to 30 June 2005.

^ Measured on accounts of \$1,000.

## CARING FOR YOUR MONEY

AUSfund is run by Industry Funds Investments Limited (IFI). IFI directors meet regularly to assess AUSfund's objectives, investment strategy and performance, and to monitor the activities of service providers. Industry Fund Services Pty Ltd (IFS) owns IFI.

Industry Fund Services Pty Ltd appoints directors of IFI. As of 30 June 2006, the current directors of IFI are as follows:

<b>Garry Weaven</b>	Chair
<b>David Haynes</b>	Director
<b>Fiona Reynolds</b>	Director
<b>David Tennant</b>	Director
<b>Louise Davidson</b>	Alternate Director

David Haynes is also Executive Officer and Fund Secretary.

The Board delegates some responsibilities to its Audit and Compliance Committee, the members of which are Fiona Reynolds (Chair) and David Tennant. The Trustee has professional indemnity insurance in place.

## MAJOR SERVICE PROVIDERS

The Board formally reviews all professional advisers on a regular basis.

<b>Auditors</b>	PricewaterhouseCoopers
<b>Administration</b>	Superpartners Pty Ltd
<b>Investment Advisers</b>	Frontier Investment Consulting Pty Ltd
<b>Custodian</b>	National Custodian Services Pty Ltd
<b>Lost Member Searching</b>	Baycorp Advantage Marketing Solutions Pty Ltd
<b>Marketing Consultants</b>	Shannon's Way
<b>Trustee Office Services</b>	Industry Fund Services Pty Ltd

## We follow clear rules

Our Trust Deed sets out the rules we operate under to govern the management of your money. It sets out how benefits are calculated, investments are made and how AUSfund is managed. For a copy of the Trust Deed, phone **1300 361 798**.

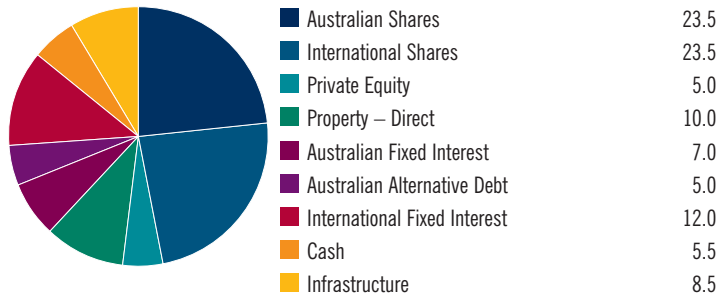
## AUSfund INVESTMENTS

AUSfund largely consists of small, lost and inactive accounts and so the Trustee of AUSfund has made prudent decisions on how to invest monies of this kind. However, all investments entail some risk and the performance of the Fund is not guaranteed. The following explanation is to provide general information on AUSfund's strategy, the assets that we have invested in and AUSfund's performance.

### AUSfund investment strategy at a glance

- **Description:** The Trustee of AUSfund has chosen a diversified investment strategy to provide security to members' funds over the medium term (3-5 years).
- **Aims:** To balance the need to deliver returns to members with the need to limit the likelihood of a negative return to one in every ten years.
- **Suited to:** Those wanting competitive returns at a moderate level of market risk.
- **Overall investment type:** A mix of shares, property, alternative assets, fixed interest and cash aiming to provide a mix of income and capital growth over the medium term.
- **Investment Strategy:**

Investment Structure %



- **Risk of return:** Medium risk, medium growth.

## Investment Objectives - what we aim for when we invest your super

- 1 Money should be invested to give security to members' funds over the medium term.
- 2 The asset mix should be structured to limit the likelihood of a negative return to one in every ten years.
- 3 A positive rate of return is targeted on rolling, three year periods.
- 4 An investment reserve is managed to assist in the smoothing of returns to members and to lower the possibility of a negative return.
- 5 A long-term asset mix should be selected to take account of the above risk constraints and allow the highest possible return for an agreed level of risk.
- 6 The investment process should be cost efficient.
- 7 The long-term strategy should be reviewed at least annually.
- 8 The short-term investment strategy should be controlled by adjusting cash flow between investments as the investment environment dictates, while remaining within the longer-term strategies.

## Socially responsible investment

AUSfund is different from many superannuation funds. It is an eligible rollover fund designed to protect small, lost or inactive superannuation accounts from being eroded by fees. We do not offer a range of investment choices and so we do not have a 'Socially Responsible Investment' option. AUSfund also does not take into account labour standards or environmental, social or ethical considerations in our investment decisions. Investment decisions include selecting, retaining or realising an investment.

## Use of derivatives

The fund has a Derivative Risk Statement in place (Part A) as required by APRA. Over the past financial year, the fund has not directly invested in derivatives. In accordance with government requirements, AUSfund requires that all its Investment Managers who use derivatives have a Derivative Risk Statement (Part B) in place. Over the past financial year some of our investment managers have used derivatives to enhance returns or manage risk.

## Past performance of the fund

AUSfund had paid a 13% return to members (other than Holding Account and Limited Information Members) for the 2005/2006 Financial Year.

The table below details the historical **earning** and **crediting** rates (the latter is the rate of return applied to members' accounts) over the last five years.

The average compound earning rate over the last five years is 8.51% p.a.  
The average compound crediting rate over the last five years is 8.48% p.a.  
Please note, past performance is not an indication of future performance.  
Super is a long-term investment and results should be observed over longer periods of time.

Year to 30 June	Earning % p.a.	Crediting % p.a.	Inflation %p.a.
2006	14.3	13.0	4.0
2005	11.8	12.0	2.5
2004	12.3	13.0	2.5
2003	3.5	3.5	2.7
2002	1.3	1.5	2.8

## Investment Earnings - how they are applied to your account

AUSfund invests all of its members' accounts in order to generate investment earnings in accordance with our investment strategy. Investment earnings, in the form of crediting rates, are applied to your account at the end of each financial year (note that all investments carry the risk of negative earning). The Trustee also determines an interim crediting rate each month which is applied to a member's benefits if they leave during the year. The crediting rate is the net return after deductions for tax on earnings, investment management fees, member protection costs and any other costs incurred in administering the Fund. In any year some of AUSfund's investment earnings may be allocated into, or taken from, our Reserves (see section on Reserving Strategy on p6).

## How much have we got invested?

### Net assets under management

	\$(millions)
2006	\$584.8
2005	\$559.4
2004	\$513.5
2003	\$379.9
2002	\$356.4

## AUSfund's Investment Managers

The table below shows AUSfund's investments as at 30 June 2005 and 30 June 2006.

FUND MANAGER ALLOCATIONS		
Investments	30/06/2006 (\$)	30/06/2005 (\$)
<b>Australian Shares</b>		
Barclay's Australian Equity Index Fund	82,436,885	84,867,139
Perennial Growth	10,927,456	–
Perpetual Wholesale Australian Share Fund	68,636,886	86,999,162
TGM – Australian Equities Exposure Fund	–	4,290,381
<b>Total – Australian Shares</b>	<b>162,001,227</b>	<b>176,156,682</b>
<b>Overseas Shares</b>		
AllianceBernstein Global Style Blend	37,222,127	–
Barclay's-World ex-Australian Equity Index Fund	74,116,656	44,362,394
CNA – Capital International Global Equity Trust	36,805,995	48,169,661
TGM – International Equities Exposure Fund	–	33,099,648
<b>Total – Overseas Shares</b>	<b>148,144,778</b>	<b>125,631,703</b>
<b>Property – Direct</b>		
Industry Superannuation Property Trust No. 1	60,059,873	46,837,065
<b>Total – Property</b>	<b>60,059,873</b>	<b>46,837,065</b>
<b>Australian Fixed Interest</b>		
Barclay's – Australian Bond Index Fund	41,686,434	41,318,582
Super Loans Trust	1,082,965	1,040,542
<b>Total – Australian Fixed Interest</b>	<b>42,769,399</b>	<b>42,359,124</b>
<b>Australian Alternative Debt</b>		
Alternate Fixed Income Trust No.1	30,203,020	27,839,018
<b>Total – Australian Alternative Debt</b>	<b>30,203,020</b>	<b>27,839,018</b>
<b>International Fixed Interest</b>		
PIMCO Global Bond Fund	74,437,268	72,926,250
<b>Total – International Fixed Interest</b>	<b>74,437,268</b>	<b>72,926,250</b>
<b>Cash</b>		
National Australia Bank	–	43,624,901
AFIF Short	5,057,283	–
ME Liquidity Fund	31,628,740	–
<b>Total – Cash</b>	<b>36,686,023</b>	<b>43,624,901</b>
<b>Private Equity</b>		
IFM Australian Private Equity Fund III	7,773,312	–
IFM International Private Equity Fund II	337,415	1,640,444
IFAT #4	416,667	416,668
IFBT	4,903,988	3,315,375
<b>Total – Private Equity</b>	<b>13,431,382</b>	<b>5,372,487</b>
<b>Infrastructure</b>		
IFM Australian Infrastructure Fund	29,589,870	–
IFM International Infrastructure Fund	1,060,337	27,196,691
<b>Total – Infrastructure</b>	<b>30,650,207</b>	<b>27,196,691</b>
<b>Total Investments</b>	<b>598,383,177</b>	<b>567,943,921</b>

## AUSfund's FINANCIALS

### Statement of financial position at 30 June

	2006 (\$)	2005 (\$)
Investments	598,383,177	567,943,921
Other assets	4,164,977	5,625,598
Total assets	602,548,154	573,569,519
Total liabilities	17,709,038	14,104,155
Net assets available	<b>584,839,116</b>	<b>559,465,364</b>
Represented by:		
Member funds	541,105,156	525,102,822
Reserves & Limited Information Members	43,733,960	34,362,542
Liability for accrued benefits	<b>584,839,116</b>	<b>559,465,364</b>

### Reserving strategy

Reserves are used as a buffer to smooth fluctuations in crediting rates returned to members and to reduce the chance of members getting a negative return in a year of poor investment performance. Reserves can also be used to cover member protection costs and other such costs as the Board may determine. The Trustee aims to keep the reserves below 6% of the Fund's total assets after allocation of earnings to members.

MOVEMENT IN RESERVES	
Year	Total Amount
2006	\$26.0m
2005	\$18.7m
2004	\$16.7m

### Operating statement for the year ended 30 June

The operating statement is a snapshot of the money coming in and out of the fund during the year.

	2006 (\$)	2005 (\$)
Total investment revenue	84,975,721	66,170,267
Direct investment management fees	-336,138	-341,498
Revenue – contributions		
Employer	1,754,740	3,880,799
Member	699,423	262,471
Transfers	44,875,831	43,534,676
Total contribution revenue	47,329,994	47,677,946
Total revenue	131,969,577	113,506,715
Administration expenditure	-12,565,107	-11,626,418
Surcharge expense	-58,740	-22,151
Transfer to provision for LIM/HAM	-2,169,520	-1,612,731
Benefits accrued before tax	117,176,210	100,245,415
Income tax expense	-6,631,390	-5,258,327
Benefits after tax	<b>110,544,820</b>	<b>94,987,088</b>

### Member Protection Costs

The cost of member protection varies from year-to-year. The cost for the 2005/06 financial year was 0.19% of the fund's average net assets, which represents \$1,074,538. This was paid from our reserves.

### Would you like further information?

This is an unaudited financial statement of AUSfund. An audited statement will be available by November 2006. To obtain a copy of the audited accounts, write to: Executive Officer AUSfund, Level 29, 2 Lonsdale Street, Melbourne VIC 3000.

As a regulated fund, AUSfund is audited each year and a return is lodged with the Australian Prudential Regulation Authority (APRA).

## FEDERAL GOVERNMENT PROPOSES CHANGES

In the May 2006 budget, the Federal Government issued a document called *A Plan to Simplify and Streamline Superannuation*. In this document, the Government has detailed a number of changes that it proposes to make to superannuation and taxation law. It is proposed the majority of these changes will be implemented on 1 July 2007 after an extensive consultation period.

As part of this plan, with effect from 10 May 2006, the requirement for compulsory cashing of benefits for members aged 65 or older has been removed (compulsory cashing of death benefits will continue to apply). Therefore, members can leave their benefits in the fund after they turn 65. Also, transitional provisions have been introduced that apply to a new \$150,000 annual cap on post-tax contributions to member accounts. The Government has decided that it will allow the cap to be averaged over three years to allow people to accommodate larger one-off payments.

More information can be obtained from [www.simplersuper.treasury.gov.au](http://www.simplersuper.treasury.gov.au)

## LET US KNOW ABOUT YOUR DEPENDANTS

It's important that we have a current list of dependants for you to assist the Trustee in distributing your death benefit if you die while you have money with AUSfund. Please write to us if you need to change your nominated beneficiaries.

While the Trustee is not obliged to pay a death benefit to your nominated beneficiaries, we are generally guided by your nomination.

We need to know who they are, what relationship they are to you (e.g. husband, child) and what percentage of the benefit you would like to go to them (the total for all dependants must equal 100%).

## AUSfund PRIVACY POLICY

It has always been important for us to safeguard your personal information. We are legally required to do so. We manage your personal information in accordance with the National Privacy Principles in the Federal Privacy Act.

### Essential information only

At AUSfund, we collect only information necessary to enable us to administer your fund membership. By this, we mean:

- Establishing your membership account and managing your fund benefits;
- Processing contributions and paying benefits;

- Providing you with membership benefits and services;
- Corresponding with you;
- Conducting cross-fund matching searches (where we use your information to search for an active account in your name in another superannuation fund);
- Transferring your AUSfund benefits to another superannuation fund in which an active superannuation account in your name has been found; and
- Locating missing superannuation contributions paid to the ATO on your behalf.

Your current address is vital for this purpose. AUSfund has appointed specialist agents to provide services on your behalf, including an Administrator (Superpartners Pty Ltd (ABN 57 078 907 883)) and Baycorp Advantage Marketing Solutions Pty Ltd (ABN 29 080 662 568). Services provided by our agents include lost member searches and cross-fund matching searches.

**You can find out more information about these services on our website at [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)** or by contacting us on the details provided below. Our specialist agents are only authorised to use and disclose your personal information for the same purposes for which AUSfund is able to use and disclose your information, under the strictest confidence.

### One purpose

Your personal information will not be used or disclosed for any other purpose without your consent, except where required or authorised by law. For example, AUSfund's Administrator is required by both superannuation and tax legislation to report certain information to the ATO for tax related purposes.

The personal information collected by AUSfund from various sources includes your contact details, date of birth and tax file number (if you have chosen to quote it). Over time, this will be supplemented with financial and other information necessary to administer your fund membership.

*“Truly, AUSfund is a fund wanting to put itself out of business. But we're committed to looking after our members' accounts while we have them.”*

*David Haynes, Executive Officer, AUSfund.*

## Right to see information

We have stringent security measures in place and staff that handle your personal information have the knowledge, skills and commitment to protect it from unauthorised access or misuse. As a member of AUSfund, you may ask to see the information we hold about you and have it corrected if required by writing to us at AUSfund, PO Box 2468, KENT TOWN SA 5071.

## Acting on someone else's behalf

If at any time you provide the personal information of another person to us then you must ensure that person has read and understood this policy and separately consents to that personal information being used and disclosed by us for the above purposes.

## Other important information

This represents our current policy. We may change this policy from time to time. Although we intend to observe this policy at all times, it is not legally binding on AUSfund in any way. From time to time we may regard it as necessary or desirable to act outside the policy. AUSfund may do so, subject only to any statutory rights you have under the Privacy Act or other applicable legislation.

If you would like more information about the Privacy Act, you can contact the Federal Privacy Commissioner's hotline service on 1300 363 992.

## WE TAKE YOUR FEEDBACK SERIOUSLY

AUSfund works hard to try and make sure that you do not have a reason to make a complaint. However, if you do have a complaint, the process we follow to try and resolve it as quickly and fairly as possible is:

- 1 Please write to the Complaints Officer, at AUSfund PO Box 2468, KENT TOWN SA 5071, outlining your concerns.
- 2 Our Complaints Officer will investigate your concerns and refer them to the Trustee if necessary.
- 3 The Complaints Officer will write to you advising you of the outcome of our investigation. This will usually happen within two weeks. By law it must occur within 90 days.
- 4 If we cannot resolve your complaint, you may contact the Superannuation Complaints Tribunal (SCT). The SCT cannot consider your complaint unless it goes through the above internal process.
- 5 If you would like more information about the Privacy Act, you can contact the Federal Privacy Commissioner's hotline service on 1300 363 992.

If the matter is not about superannuation, the Financial Industry Complaints Service (FICS) may be able to assist.

Contact number for SCT and FICS is: **1300 780 808**

## HOW TO CONTACT US

Phone: 1300 361 798 (for the cost of a local call)  
Fax: 1300 366 233 (for the cost of a local call)  
Post: AUSfund, PO Box 2468, KENT TOWN SA 5071  
Hours: 8.00am to 5.00pm Monday to Friday  
Website: [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)  
Email: [admin@ausfund.net.au](mailto:admin@ausfund.net.au)

### Victoria

Level 2, Casselden Place, 2 Lonsdale Street, Melbourne

### New South Wales

Level 5, 477 Pitt Street, Sydney

### Queensland

Level 11, 120 Edward Street, Brisbane

### South Australia/Northern Territory

Level 2, 104 Frome Street, Adelaide

### Tasmania

Level 2, 119 Macquarie Street, Hobart

### Western Australia

88 Colin Street, West Perth

### Australian Capital Territory

Ground Level, Unit 6, 33 Allara Street, Canberra