

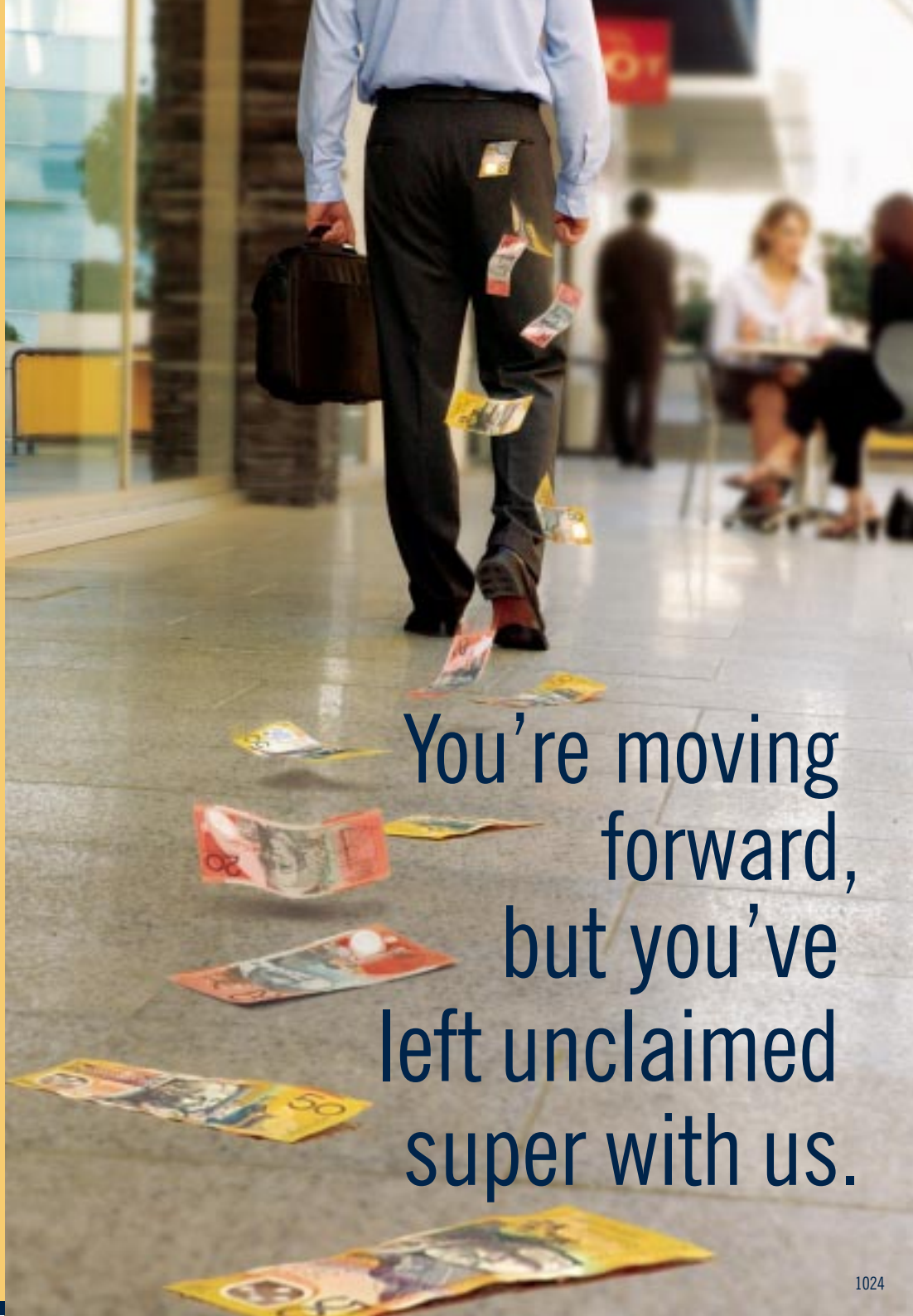
Your Guide to AUSfund

Australia's Unclaimed Super Fund

Product Disclosure
Statement and Annual
Report 2003-2004
Issued 4 October, 2004



MORE SERVICES FROM INDUSTRY SUPER FUNDS



You're moving
forward,
but you've
left unclaimed
super with us.

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Prepared by the Trustee of AUSfund, Industry Funds Investments Limited
ABN 17 006 883 227 AFSL No. 229881
AUSfund, Australia's Unclaimed Super Fund. Issued 4 October 2004.
IFI is licensed to provide general advice about AUSfund and its features.

ABOUT THIS DOCUMENT

This **Product Disclosure Statement (PDS)** is an important document. It provides information on the features, costs and benefits of your superannuation account with Australia's Unclaimed Super Fund (AUSfund).

Neither AUSfund, the underlying investment managers, the appointed custodian, nor the investment adviser 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 particular investment needs. Before making an investment decision on the basis of the information contained in this document, you need to consider whether our recommendation is appropriate in light of your own circumstances. AUSfund recommends that you consult a licensed financial adviser for advice on your particular needs.

We may update information in this PDS. You can obtain updated information by calling us on 1300 361 798, or by visiting our website www.unclaimedsuper.com.au. AUSfund will amend the PDS or withdraw it from circulation in the event of any material alteration occurring in any of the information contained in the PDS.

Many terms used in this document, including terms in **bold italics**, are explained in the glossary on page 15.

This document, includes:

- key product information about AUSfund;
- AUSfund's fees and charges, to help you compare them with other **Eligible Rollover Funds (ERFs)**;
- how AUSfund members' benefits are invested, and the benefits and risks of investing in AUSfund;
- our financial position and investment performance;
- how we are helping track down unclaimed super and reuniting members with their active super accounts;
- our privacy policy;
- our enquiry and complaints mechanisms.

This document also contains information required by law to be included in our Annual Report to members for 2003-04.



AUSTRALIA'S UNCLAIMED SUPER FUND

KEY FEATURES OF AUSfund

How you became a member of AUSfund

AUSfund is an **Eligible Rollover Fund (ERF)**. ERFs play an important role in the superannuation industry, as they receive small, lost and inactive accounts transferred by other superannuation entities. Superannuation Trustees are permitted to transfer these accounts to an ERF without a member's prior consent. Your previous super fund may have lost track of you, you may have had a small account balance or hadn't made any contributions. In any of these situations your account could be transferred to us. We also accept Super Guarantee amounts from the ATO (Australian Taxation Office).

Our objective: to provide efficient administration and investment of members' benefits.

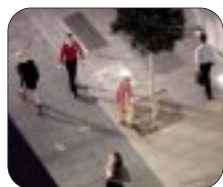
Re-uniting members with their active super: AUSfund also endeavours to transfer small and lost AUSfund accounts into members' active superannuation accounts held in other funds that use AUSfund's services.

Unclaimed super: AUSfund actively searches for unclaimed superannuation amounts held by the ATO that belong to AUSfund members. Where we find a match, we transfer the money into your AUSfund account.

TV CAMPAIGN

As part of our ongoing commitment to reuniting people with their unclaimed super, we are running a national TV campaign over September and October 2004. While public awareness about unclaimed super is much higher than it was when we were first involved in the Unclaimed Super Recovery project two years ago, we still have a way to go.

You'll see our ads on all major commercial TV stations across the country. The key messages are; it's not hard to lose track of your super *and* you shouldn't have to pay to find it.



AUSfund AT A GLANCE	
Number of investment options	One
Investment profile	Moderate risk / return profile
Investment reporting	Annually
Investment earnings	For the year ended 30 June 2004, AUSfund credited member accounts with balances of \$50 and over with interest of 13%.
Insurance cover	No
Contributions	Employer contributions are only accepted in exceptional circumstances. Member rollovers are allowed, with no minimum or maximum. Voluntary member contributions are accepted.
Contribution fee	No
Entry or exit fee	No
Administration and investment management fees	Administration and Investment Management fees are deducted at the end of the financial year or when you leave AUSfund. For more information please refer to the 'Fees and Charges' section of this document.
Member protection	All member accounts are generally protected from erosion by the administration levy.
Trustee	Industry Funds Investments Ltd

AUSfund FEES AT A GLANCE

Significant fees		AMOUNT	HOW AND WHEN PAID
Establishment fee:	This is the fee to set up your account in the fund.	Nil	N/A
Contribution fee:	This is the fee for the initial and subsequent contributions to the fund.	Nil	N/A
Withdrawal fee:	This is the fee charged for each withdrawal you make from the fund (including any instalment withdrawal and your final withdrawal).	Nil	N/A
Termination fee:	This is the fee when you close your account with the fund.	Nil	N/A
Ongoing fees:	This is the total of all ongoing administration, investment management and expense recovery fees charged by the fund.	<p>Administration fee: Members with an account balance of \$50 or more:</p> <ul style="list-style-type: none"> ■ A simple \$10 for a year (or part-year if a member is in the fund for less than a year). ■ Members with an account balance of less than \$50 do not pay the administration fee and do not earn interest. ■ Indirect management fees of 0.28% were deducted from gross fund returns. <p>For more information on indirect management fees and member protection, please see the Fees and Charges section of this document.</p>	The administration fee is deducted at the end of the financial year or when you leave AUSfund, whichever occurs first.
Switching fee:	This is the fee charged when you switch between investment options offered by the fund.	Nil	N/A
Adviser service fee:	This is the fee charged by your adviser for advice about your investment(s) in the fund.	Nil	N/A
Insurance premiums:	This is the fee charged for any insurance cover you take in the fund.	Nil - AUSfund does not offer Death or Temporary or Total & Permanent Disability insurance.	N/A

WHY SHOULD I ROLL MY SUPER OUT OF AUSfund?

Moving your unclaimed super into your active super account makes good sense. You avoid paying multiple fees, so your money can work harder for you, earning more benefits – something we all want! Consolidating your AUSfund account into your current super account will also decrease the number of super accounts you have. This will reduce the paperwork you receive and make it easier for you to manage your super and see how you are progressing towards achieving your retirement goals.

HOW DO I ROLL MY SUPER OUT OF AUSfund TO MY ACTIVE ACCOUNT?

Simply fill out a rollover form, which some members will find included in the letter accompanying this report. You can also find copies of the rollover form on our website www.unclaimedsuper.com.au.

If you belong to one of the super funds that work with AUSfund, all you have to do is tick the box, fill in your details and sign the form. If you belong to another fund, just follow the instructions on the form.

HOW DO I FIND OUT IF I HAVE ANY OTHER UNCLAIMED SUPER?

If you've changed jobs, moved house or changed your name in the last 12 years, you may have some other unclaimed super. You can check with the ATO to see whether another fund has reported you to the Lost Members' Register. You can complete a search using the ATO's online search tool, SuperSeeker by visiting our website www.unclaimedsuper.com.au. You can also call the ATO on 13 10 20 for the cost of a local call for more information about your unclaimed super.

CARING FOR YOUR MONEY

We follow clear rules

Our Trust Deed sets out the rules we use to govern our management of your money. It sets out how benefits are calculated, investments are made and how AUSfund is managed. A change was made to the Trust Deed during the year ended 30 June 2004 to incorporate our new name. For a copy of the Trust Deed, phone 1300 361 798.

The trustee company, Industry Funds Investments Ltd (IFI), manages AUSfund and is responsible for ensuring that AUSfund is managed in accordance with the Trust Deed and the *Superannuation Industry (Supervision) Act 1993*. The Trustee maintains trustee liability insurance.

REUNITING YOU WITH YOUR SUPER

At AUSfund we are committed to reuniting people with their lost super. By consolidating super into members' active accounts we help reduce the number of accounts members hold and this makes their super easier to keep track of.

AUSfund regularly conducts cross-fund matching searches to find active accounts that belong to our members in other superannuation funds. If we find an active account in your name, we transfer your AUSfund super benefits to that account and notify you in writing. The combined efforts of AUSfund and our partner super funds has resulted in over \$100 million being transferred into people's active super accounts on behalf of 250,000 members.

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

We look for lost members' addresses in a number of ways, including through the services of Baycorp Advantage. AUSfund and the super funds we work with have found current addresses for over 558,000 previously lost members.

We also work with the ATO and use its SuperMatch service to find matches with unclaimed Superannuation Guarantee payments and the ATO's Superannuation Holding Account Reserve (SHAR). Last year, we transferred nearly \$10 million of matched accounts to AUSfund.

“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.

THE BOARD

Industry Funds Investments Limited is the **Approved Trustee** of AUSfund.

IFI directors meet regularly to assess AUSfund's objectives, strategy and performance, and to monitor the activities of service providers.

Industry Fund Services Pty Ltd now owns IFI. IFS is owned by nine industry superannuation funds: ARF, CARE, Cbus, HESTA, HOSTPLUS, MTAA Super, STA, TISS and TWUSUPER.

The Boards of the five original shareholder Funds appointed the Directors and IFS has maintained their directorships.

Ian Silk	Chairperson – Appointed by ARF
David Elia	Appointed by HOSTPLUS
Angela Emslie	Appointed by HESTA
Peter Gebert	Appointed by Cbus
Bill Kelty	Appointed by STA

David Haynes is Executive Officer and Fund Secretary. Anna Booth resigned as a director and Chairperson on 7 October 2003, and was replaced as Chairperson by existing director Ian Silk.

SERVICE PROVIDERS

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

Auditors	PricewaterhouseCoopers
Administration	Superpartners Pty Ltd
Investment Advisers	Frontier Investment Consulting Pty Ltd
Custodian	National Custodian Services Pty Ltd
Lost Member Searching	Baycorp Advantage & Lauders Marketing Services

“AUSfund has reunited more than \$100 million with its rightful owners – for free. We’ll keep on doing this ‘til there’s nothing left.”

David Haynes, Executive Officer, AUSfund.

AUSfund INVESTMENTS

As AUSfund largely consists of small, lost and inactive accounts, 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 investment concepts, including assets and asset classes, risk and return, diversification, and the effect of time on returns.

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 minimise the possibility of negative returns in any one financial year.
- 3 A positive rate of return is targeted on a rolling, three year basis.
- 4 An investment reserve is managed to assist in the smoothing of returns to members and to cover member benefit protection costs and other costs such as the Board may determine.
- 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

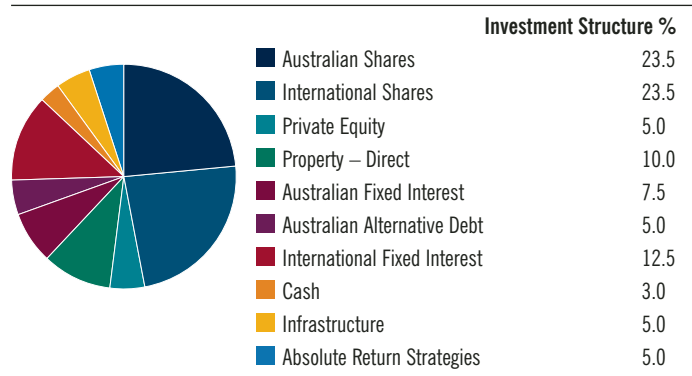
AUSfund does not have a 'Socially Responsible Investment' option. AUSfund also does not take into account labour standards or environmental, social or ethical considerations in our investment decisions. Investment decisions include decisions about selecting, retaining or realising an investment.

AUSfund investment strategy at a glance

- **Description:** The Trustee of AUSfund has chosen a diversified, balanced investment strategy to provide security to members' funds over the medium term.
- **Aims:** to balance the need to deliver returns to members with the need to manage the possibility of negative returns in any one year.
- **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.

The Trustee has reviewed the investment strategy and determined to increase growth assets. The new strategy is detailed below.

Investment Strategy:



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

Asset definitions

Alternative Assets include infrastructure, private equity investments and alternative debt. Infrastructure involves buying a physical investment in essential facilities, such as toll roads, or airports. Private equity refers to investments in companies that are not listed on a major stock exchange. Alternative debt involves investing in non-traditional, less liquid, lower rated fixed interest. Alternative assets can have varying levels of risk and return.

Past performance of the fund

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.

Year to 30 June	Earning % p.a.	Crediting % p.a.	Inflation %p.a.
2004	12.3	13.0	2.5
2003	3.5	3.5	2.7
2002	1.3	1.5	2.8
2001	6.8	8.0	6.0
2000	9.5	6.0	3.3

The average compound earning rate over the last five years is 6.6% p.a. The average compound crediting rate over the last five years is 6.3% 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.

How much have we got invested?

Assets under management

	\$(millions)
2004	\$513.5
2003	\$379.9
2002	\$356.4
2001	\$414.8
2000	\$344.0

Shares mean part ownership of a company delivering profit through share price increases and dividends. They often provide better long-term results, but fluctuate in the short term.

Property includes investments in buildings (direct property) or a property trust (listed property). Returns come from rent, development and market increase. Over the long term, direct property is usually expected to have lower risk than shares, but gives lower returns.

Fixed interest and cash are monetary investments offering less risk, but lower returns than shares or property.

Who do we invest with?

FUND MANAGER ALLOCATIONS				
Investments	30 June 2004	2004	30 June 2003	2003
Fund Manager Allocations				
Australian Shares	Benchmark 23.5%	Actual %	Benchmark 25%	Actual %
Barclay's Australian Equity Index Fund	67,351,461		47,519,347	
Perpetual Wholesale Australian Share Fund	68,256,421		49,532,133	
TGM – Australian Equities Exposure Fund	18,285,917		-	
Total – Australian Equities	153,893,799	29.8	97,051,480	25.3
Overseas Shares	Benchmark 23.5%		Benchmark 20%	
Barclay's – World ex – Australian Equity Index Fund	43,457,019		34,033,860	
Capital International – Global Share Trust	45,108,049		35,738,467	
TGM – International Equities Exposure Fund	22,485,492		-	
Total – Overseas Shares	111,050,560	21.5	69,772,327	18.2
Property	Benchmark 10%		Benchmark 10%	
Industry Superannuation Property Trust No. 1	44,646,269		43,331,901	
Total – Property	44,646,269	8.6	43,331,901	11.3
Australian Fixed Interest	Benchmark 7.5%		Benchmark 12.5%	
Barclay's – Australian Bond Index Fund	53,197,177		52,430,651	
Super Member Home Loans Limited	1,000,598		1,002,064	
Total – Australian Fixed Interest	54,197,775	10.5	53,432,715	13.9
Australian Alternative Debt	Benchmark 5%		Benchmark 5%	
Australian Fixed Income Fund	20,653,327		19,649,998	
Total – Australian Alternative Debt	20,653,327	4.0	19,649,998	5.1
International Fixed Interest	Benchmark 12.5%		Benchmark 17.5%	
PIMCO Global Bond Fund	77,580,023		71,568,314	
Total – International Fixed Interest	77,580,023	15.0	71,568,314	18.7
Cash	Benchmark 3%		Benchmark 5%	
National Australia Bank	50,400,352		24,849,467	
Total – Cash	50,400,352	9.8	24,849,467	6.5
Private Equity	Benchmark 5%		Benchmark 5%	
DAF III	278,487		-	
IFAT #4	1,102,018		1,047,840	
IFBT	2,961,000		2,344,500	
Total – Private Equity	4,341,505	0.8	3,392,340	0.9
Infrastructure*	Benchmark 5%		n/a	
	Nil	0.0	-	0.0
Absolute Return Strategies*	Benchmark 5%		n/a	
	Nil	0.0	-	0.0
Total Investments	516,763,610	100.0	383,048,542	100.0

*NB: These asset classes were recently introduced into the investment strategy and we will be moving towards these benchmarks during the course of the year.

Risk and Return – you can't have one without the other

Investment assets are grouped into two broad risk categories: growth (aggressive) and defensive (conservative).

Growth (aggressive): Shares and property are known as growth asset classes and offer the greatest potential to increase in value and are more likely to provide the highest return over the long-term. However, you are also usually exposed to a higher level of risk. Hence the phrase 'high risk, high return'. This means they are more likely to rise and fall in value from year to year and there is a higher chance of negative returns in some years.

Defensive (conservative): Fixed interest and cash are known as defensive asset classes and are less likely to rise and fall in value from year to year and there is a lower chance of negative returns than growth assets. However, you will also generally have lower returns over the long term. Returns are usually in the form of income rather than capital growth.

To earn a return on your investments, you must assume some risk – you usually can't have one without the other. Investment risk refers to the chance that you may lose some, or all, of your money invested. This occurs by the value of your investment decreasing.

The greater level of expected return from an asset class, the greater level of risk that must be accepted. Therefore, when deciding on an appropriate investment structure, the rate of return desired must be traded off against the level of risk that an investor is willing to accept. This is referred to as risk tolerance.

Other risks associated with superannuation

Inflation: inflation may exceed the return on your investment, decreasing the real buying power of your super.

Individual investment risk: individual assets can fall in value for many reasons, such as changes in the internal operations or management of a fund or company we invest in, or in its business environment.

Market risk: economic, technological, political or legal conditions, even market sentiment, can change, and this can mean that changes in the value of investment markets can affect the value of the investments in the fund.

Interest rate risk: interest rate changes can have a positive or negative impact directly or indirectly on investment value or returns - for example, the income return on a fixed interest security can become more or less favourable.

Currency risk: we invest in other countries, and if their currencies change in value relative to our dollar, the value of the investment can change.

Derivatives risk: Our investment managers may use *derivatives* to, among other things, protect assets from fluctuations in market values, adjust asset

exposures, hedge foreign currency exposures, and achieve transactional efficiency. Risks associated with derivatives include their value failing to move in line with the underlying asset, potential illiquidity, not being able to meet payment obligations as they arise, and **counterparty risk** where the counterparty to the derivative contract cannot meet its obligations under the contract. AUSfund's investment managers aim to keep derivative risk to a minimum by constantly monitoring the use of derivative contracts and by entering into derivative contracts with reputable counterparties.

Fund risk: risks particular to the fund include that it could terminate, or the Trustee or investment professionals could change. We aim to keep fund risk to a minimum by acting always in the members' best interests, and in accordance with the Superannuation Industry (Supervision) Act and Regulations.

Changes to superannuation law: changes are frequently made to superannuation law, which may affect your ability to access your investment. Recent changes mean that your superannuation benefit may now be split by agreement or by court order with your spouse if you and your spouse permanently separate.

Taxation Changes: Changes can also occur to the taxation of superannuation, which may affect the value of your investment.

Diversification – don't put all your eggs in one basket

Not all asset classes perform in the same way at the same time. Diversification spreads the risk of investing by allocating across a range of different types of investments; by "not putting all your eggs in one basket". If one asset class is performing poorly, it will only affect that particular portion of your investments, while another may be performing well. At a total level, returns will be more stable over time and risk can be reduced.

Time – how long have you got?

The length of time for an investment makes a considerable difference when deciding how much risk may be suitable for the investment. If the time frame is long, say 10 years, short-term price fluctuations experienced in riskier assets are likely to even out and overall return may be higher. It is prudent to take less risk for shorter-term investments, to reduce the chance of negative price fluctuations.

Investment markets can under-perform for sustained periods of time, referred to as market risk, and is shown in variability of returns over shorter time periods.

Bank Guarantee

Under its Instrument of Approval, IFI is required to hold a \$5,000,000 Bank Guarantee to meet legislative requirements. This Bank Guarantee is available for perusal by calling 1300 361 798.

GENERAL SUPER FACTS

The information on this page reflects government rules about superannuation savings generally.

Cooling-off period

When you select a **public offer superannuation fund** or Retirement Savings Account (RSA) for yourself, you have 14 days from the date your application is accepted to decide if this is the right choice for you. During this time, the “cooling-off period”, you can still cancel your membership by contacting the Trustee of the Fund or the Provider of the RSA you have chosen. Most members of AUSfund have been transferred from a previous superannuation fund and have not completed an application form. People who become members of AUSfund in this way do not need to complete an application form and the cooling-off period does not apply.

Who can contribute to superannuation?

Before age 65

Contributions made by the member, or made by another party on the member's behalf can be accepted, regardless of the member's employment status. Spouse contributions can also be accepted up to age 65 (AUSfund does not accept spouse contributions).

From age 65

- Superannuation Guarantee and salary sacrifice contributions can be accepted up to age 70.
- Voluntary employer contributions can be made to age 70, provided the member was working at least 40 hours in a period of time of not more than 30 consecutive days during the financial year in which the contribution relates.
- Employer contributions that are prescribed under an industrial award or agreement can be accepted to any age.
- Member (after tax) contributions can be made to age 75, subject to an annual work test. Members must have worked at least 40 hours in a period of time of not more than 30 consecutive days during the financial year to be eligible to contribute for that particular financial year.

When can you draw on your super savings?

Superannuation is a long-term investment for your retirement. The Federal Government has placed restrictions on when you can access your superannuation savings.

These restricted superannuation savings are called preserved superannuation, and the age at which you can gain access to them is called the preservation age. At present, your preserved superannuation savings can only be paid out in the following circumstances:

- When you reach age 65; or
- When you permanently cease employment on or after age 60; or
- If you retire on or after your preservation age, as set out in the following table:

Preservation age for persons:	
Born before 01/07/1960	55
Born from 01/07/1960 to 30/06/1961	56
Born from 01/07/1961 to 30/06/1962	57
Born from 01/07/1962 to 30/06/1963	58
Born from 01/07/1963 to 30/06/1964	59
Born on or after 01/07/1964	60

- If you become permanently unable to work; or
- If you die, your super may be paid to your dependants or estate, depending on the rules of the fund; or
- If you suffer severe financial hardship or are eligible on compassionate grounds determined by government rules. In such cases only some of your super savings may be withdrawn, and only if the fund rules allow it; or
- If you change jobs and your account balance is \$200 or less (but only if the fund allows it); or
- If you are a foreign national who has permanently left Australia. In this situation higher tax rates than those outlined below may apply. This does not include New Zealand citizens.

Restricted non-preserved benefits

Your total benefit may also include non-preserved amounts that you may be able to cash out earlier. For example, when you change jobs you can take out your own after-tax contributions and some types of employer contributions, provided they were paid in before 1 July 1999.

Unrestricted non-preserved benefits

These benefits are accessible at any time.

When must your benefit be paid?

The federal government requires that superannuation benefits must be paid to members upon the occurrence of certain events.

Benefits must be paid:

- If you are between age 65 and 75, and you are not gainfully employed for at least 240 hours during the 2003/2004 financial year.
- If you had reached age 75 on or before 30 June 2004, and you are not gainfully employed for at least 240 hours during the 2003/2004 financial year.
- If you were under age 75 at 30 June 2004, as soon as you reach age 75.

Once a member is age 65, AUSfund will contact the member annually to confirm their employment status, to determine whether the benefit is required to be paid.

TAX AND SUPER

Tax File Numbers (TFNs)

It is in your interest to give your super fund your **Tax File Number (TFN)** when you join. You do not have to do so, but if you do not provide your TFN you may pay tax at a higher rate than necessary. If you do not have a Tax File Number, contact the Australian Taxation Office on 13 10 20.

Tax on contributions to a Super Fund

No tax is paid by the Fund on the contributions you make into the fund from income on which you have already paid tax (after-tax income).

A tax of 15% is paid by the Fund on:

- The contributions your employer makes for you;
- Any contributions paid from income on which tax has not been paid (eg through salary sacrifice arranged with your employer); and
- Any contributions you made for which you received a tax deduction (these are called deductible contributions).

An additional superannuation surcharge applies to those employer and personal deductible contributions which, when combined with your taxable income and reportable fringe benefits, is more than \$99,710 (2004/2005 figure).

In addition, if you do not provide us with your TFN, you may be subject to surcharge. Prior to 1 July 2003, the maximum surcharge rate was 15%. From 1 July 2003, the maximum surcharge rate will be reduced from 15% to 10% over a period of 3 years. Therefore, the maximum surcharge rate will be:

14.5% in 2003/2004

12.5% in 2004/2005

10% in 2005/2006 and beyond

Tax on money transferred into, or out of a fund

There is no tax if you transfer money from one superannuation fund to another, unless the amount transferred contains an untaxed component (this is a termination payment direct from an employer, or a payment from certain superannuation funds for government employees).

An untaxed component attracts the 15% tax on contributions and may also be subject to the superannuation surcharge.

Tax on investment earnings of the fund

Investment earnings of the Fund are taxed at a maximum rate of 15%, with capital gains taxed at an effective rate of 10%.

Tax on payments from a superannuation fund

You may have to pay tax when you draw money from the Fund. The amount paid will depend on your own circumstances, including your age, how long you have been in a superannuation fund, and how your super benefit is paid.

- You pay no tax on the part of your super benefit that consists of the contributions you made from your after-tax income after 30 June 1983.
- You pay no tax on the first \$123,808 (2004/2005 figure) of all other benefits designated as relating to employment or fund membership after 30 June 1983, if you withdraw them from super after you reach your preservation age (see table page 10). (You pay 20% plus Medicare levy before that age).
- You pay 15% tax plus Medicare Levy on the remainder of your post June 1983 benefits up to your **Reasonable Benefit Limit (RBL)**. You pay 30% plus Medicare levy before you reach your preservation age (see table page 10).
- If you take your superannuation benefit as a **Lump sum** the **RBL** is \$619,223 (2004/2005 figure). If you take it as a complying pension or **income stream** it is \$1,238,440 (2004/2005 figure).
- If some of your super benefit relates to employment before July 1983, you pay tax at your marginal rate on only 5% of that part of your superannuation benefit.
- If you use your super benefit to receive a regular income from a super fund, special tax concessions may apply.
- If your benefit is paid out to you as a foreign national who is leaving Australia permanently, higher tax rates may apply to your benefit. Contact the Australian Taxation Office for details.

Tax benefits available for super contributions

An increased Federal Government co-contribution applies to personal contributions made by low-income earners from 1 July 2004.

This co-contribution will match eligible personal superannuation contributions made by qualifying low-income earners. The amount of the co-contribution depends on your income and the personal contributions you made during the financial year. The maximum amount of co-contribution for 2004/2005 is \$1,500 and is available to people on incomes of \$28,000 or less. The maximum amount phases out by 5 cents per dollar of income in excess of \$28,000 up to an income of \$58,000 when it phases out completely.

A maximum tax-offset of \$540 is available if you make contributions of up to \$3000 on behalf of your spouse and your spouse earns less than \$10,800 a year. This reduces by \$1.00 for every \$1.00 above \$10,800 your spouse earns, phasing out completely at \$13,800.

If you are self-employed, you can claim a tax deduction for some of your contributions. Tax deductions reduce the income on which your tax is calculated.

For further details about tax and super, ring the Australian Taxation Office Super Helpline on 13 10 20.

WE TAKE COMPLAINTS SERIOUSLY

If you have a complaint, our complaints process is as follows:

- 1** Please write to the Complaints Officer at AUSfund Administration, 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.

The Superannuation Complaints Tribunal (SCT) was established by the Federal Government to provide a simple and inexpensive review mechanism for complaints or disputes about the decisions of superannuation fund trustees affecting individual members.

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

You can contact the SCT by:

- Phoning 1300 884 114 (for the cost of a local phone call, excluding mobiles);
- Writing to Locked Bag 3060, GPO, Melbourne, Victoria, 3001; or
- Visiting Level 8, 60 Collins Street, Melbourne, Victoria.

You can contact FICS by:

- Phoning 1300 780 808 (for the cost of a local phone call, excluding mobiles); or
- Writing to PO Box 579, Collins Street West, Melbourne VIC 8007.

FINANCIALS

Statement of Financial Position at 30 June 2004

	2004 (\$)	2003 (\$)
Investments	516,763,610	383,048,542
Other assets	5,486,952	2,625,921
Total assets	522,250,562	385,674,463
Total liabilities	8,707,718	5,753,769
Net assets available	513,542,844	379,920,694
Represented by:		
Member funds -		
Eligible Rollover Fund	483,802,225	349,324,705
Reserves & unallocated funds	29,740,619	30,595,989
Liability for accrued benefits	513,542,844	379,920,694

In accordance with tax law, AUSfund makes Superannuation Surcharge payments to the ATO, and deducts the corresponding amount from the relevant members' accounts.

Reserving strategy

Reserves are a buffer used to smooth fluctuations in the interest rate credited to members and to reduce the chances of members being credited with a negative interest rate. Reserves can also be used to cover member protection costs and other such costs as the Board may determine. As determined by the Trustee, the levels of reserves will not exceed 6% of the Fund's total assets after allocation of interest to members.

MOVEMENT IN RESERVES		
Year	Total Amount	Change
2004	\$16.7m	-7%
2003	\$17.9m	-3%
2002	\$18.4m	—

Operating statement for the year ended 30 June 2004

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

	2004 (\$)	2003 (\$)
Total investment revenue	53,963,547	15,565,720
Direct investment management fees	(223,409)	(249,171)
Revenue - contributions		
Employer	11,141,546	10,465,976
Member	126,154	227,530
Transfers	133,710,027	56,885,594
Total contribution revenue	144,977,727	67,579,100
Total revenue	198,717,865	82,895,649
Administration expenditure	(10,224,386)	(8,239,823)
Surcharge expense	(28,877)	(18,476)
Transfer to provision for Unallocatable/ Holding Account members	(2,778,044)	(730,638)
Benefits accrued before tax	185,686,558	73,906,712
Income tax expense	(4,703,391)	(2,648,891)
Benefits after tax	180,983,167	71,257,821

Would you like further information?

This is an unaudited financial statement of AUSfund. An audited statement will be available by November 2004. To obtain a full copy of the audited accounts, write to: Executive Officer, 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).

FEES AND CHARGES

Easy fee structure

The administration levy is the same for every AUSfund member with an account balance of \$50 or more.

- A simple \$10 for a year (or part-year if a member is in the Fund for less than a year)
- No entry or exit fees
- No agents' commissions

Amounts for fees, expenses or charges have been deducted from a common fund to which your AUSfund membership relates with regard to the 'reporting period' (2003/2004 year). These deductions are borne indirectly by the members of AUSfund and may affect the return applied to members' accounts. Indirect management fees of 0.28% of average investments were deducted from gross fund returns.

Protecting your account

Australia's Unclaimed Super Fund is an Eligible Rollover Fund (ERF), and in accordance with the *Superannuation Industry (Supervision) Act 1993* all members' accounts are protected from erosion by administration levies. This is known as 'member protection'. Under the member protection rules, the administration levy deducted (not including government taxes and investment management fees) cannot exceed the interest credited in any review period. The review period is the financial year. This protects your account from being eroded by administration levies.

One exception exists to the above member protection requirement. In any review period, when total investment earnings to be distributed to members are insufficient to cover the total administration levy to be deducted from member's benefits, member protection will not apply in the manner described above. In such a period, an administration levy of no more than \$10 may be deducted from account balances.

Member protection does not apply to balances under \$50, as no administration levy is deducted from such balances, and no interest is credited.

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

Extension of definition of 'dependant' to include 'interdependant relationships'

As of 30 June 2004, the definition of 'dependant' as it relates to the payment and taxation of superannuation death benefits now includes certain 'interdependency relationships'. Subject to one exception (refer below), two people – whether or not related by family – will have an interdependency relationship if:

- a) they have a close personal relationship; and
- b) they live together; and
- c) one or each of them provides the other with financial support; and
- d) one or each of them provides the other with domestic support and personal care.

Where two people satisfy the requirement in point (a) but do not satisfy the requirements in points (b) to (d) because either or both of them suffer from a physical, intellectual or psychiatric disability, they will be deemed to have an interdependency relationship.

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 Limited (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" or by contacting us on the details provided below. Our 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.

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 Administration, 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.

This policy represents our policy as at 4 October 2004. 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.

GLOSSARY OF TERMS

An **Approved Trustee** must be a corporation, approved by the Australian Prudential Regulation Authority (which must be satisfied that it can be relied on to perform the duties of trustee in a proper manner) and it must fulfil other minimum liquidity/financial requirements.

Australian Financial Services Licence is legally required for businesses offering or advising on financial products.

Asset class is a group of assets that are similar, e.g. shares or fixed interest.

Capital growth is the difference between the price you pay for an asset and the price you receive on its sale.

Contributions are regular or one-off payments to a superannuation fund. They can be compulsory contributions made by employers (as required under the law or an industrial award) or voluntary contributions made by employers, or by members for themselves or their spouses.

Counterparty risk is the risk that the other party to an agreement will default.

Crediting rate is the interest credited to your account based on the amount earned on the investments and after fees, taxes and other expenses are deducted.

Dependant in relation to a person includes the spouse of that person, any child of that person and any person with whom that person has an interdependency relationship.

Derivatives are contracts, such as options and futures, whose price is derived from the price of an underlying asset.

Earning rate is the interest earned on the investments after taxes and fees but before the deduction of other expenses.

Eligible Rollover Fund (ERF) is a fund established for managing lost members' super. Its main focus is the protection and growth of its members' super, which are often small amounts. AUSfund is an Eligible Rollover Fund.

Expense recovery fee is the fee charged for expenses incurred in the operation of the Fund. This is included within AUSfund's \$10 per year administration fee.

Gross investment earnings is the **return** or money earned by AUSfund's investments, before taxes, fees and other expenses are deducted.

Income returns are cash flows paid to you from your ownership of the assets, such as dividends from shares, rental income from property or interest on cash and bonds.

Income stream is a form of pension paid from your superannuation monies once you permanently retire from the workforce.

Indirect investment management fees are deducted from **gross investment earnings** to cover the cost of having investments managed by professional fund managers.

Investment management fee is the fee charged for expenses incurred in the management of AUSfund's investments. This is included within the \$10 per year administration fee.

Lost Members Register (LMR) is a central database of superannuation members run by the ATO. Most super funds are required to provide details of lost and inactive members to the ATO.

Lump sum is a single payment your super fund may allow you to take your benefit as, instead of an income stream, once you permanently retire from the workforce.

Medicare levy is an additional tax charged by the Federal Government to cover the cost of maintaining the Medicare system. Currently it is 1.5% on top of your income tax.

Product Disclosure Statement is a document issued by financial institutions to members and prospective members that discloses all financial information about a product, as required by legislation. It is designed to improve understanding of the financial product offered by a superannuation fund, and to enable comparison between superannuation funds and their financial products.

A **public offer superannuation fund** must have an approved trustee and may be required to issue an offer document to prospective members.

Reasonable Benefit Limit (RBL) is the maximum amount of superannuation benefit payment you may receive taxed at the concessional rate of 15%.

Return is the amount of money you earn on an investment, including both capital and income.

Risk refers to the chance that you may lose a portion, or all of your money that is invested. This occurs by the value of your investment decreasing. Risk can also refer to the variability or fluctuation on returns.

Rollover is the term used to describe the transfer of money from one superannuation fund to another, or to a retirement savings account, or a superannuation income stream.

Superannuation Guarantee (SG) is the federally legislated guarantee that employers will pay employees superannuation. Currently the rate is 9% of Ordinary Time Earnings.

Superannuation Guarantee vouchers are created through a levy on employers who do not pay the compulsory **SG**. The amount is the required super plus penalties, and results in an **SG voucher** for the employee being issued by the ATO.

Superannuation Holding Account Reserve (SHAR) is a fund run by the ATO used to deposit super money generally collected from employers by the ATO when the employer has lost contact with the employee, or an employer makes late super payments. The money does not earn interest while it is in SHAR.

SuperMatch is an ATO product that enables super funds to conduct searches of the **Lost Members Register**. If a super fund finds one of their members is also listed on the **LMR** that member will be contacted to arrange for the unclaimed super money to be transferred into the members' active account.

NB: The percentages and values shown throughout this report are automatically rounded and therefore minor variances may occur.

The PDS/Annual Report for AUSfund has been prepared and issued on 4 October, 2004 by the Trustee of AUSfund, Industry Funds Investments Limited, Level 29, 2 Lonsdale Street, Melbourne, Victoria.

APPLICATION FORM

SFN 2152/349/46

TITLE (Mr/Ms/Mrs/Miss/Other): FIRST NAME (S):

FAMILY NAME:

DATE OF BIRTH: TELEPHONE NUMBER:

ADDRESS:

SUBURB/TOWN/CITY STATE POSTCODE

IN CASE OF DEATH TO WHOM DO YOU PREFER BENEFITS BE PAID. (YOU CAN NOMINATE ONE OR MORE PREFERRED BENEFICIARIES)

FIRST NAME	FAMILY NAME	RELATIONSHIP (Eg., Son, Spouse)	% SHARE

YOUR TAX FILE NUMBER

I have read the Tax File Numbers section on page 11 of the combined Product Disclosure Statement and Annual Report. I understand it is not compulsory for me to provide my TFN, and if I provide it, AUSfund will only use it for legal purposes as stated.

I elect to provide my TFN and declare it is:

Before you sign this application form, the Trustee or financial adviser is obliged to give you a Product Disclosure Statement (which is a summary of important information relating to the fund.) The Product Disclosure Statement will help you to understand the product and decide if it is appropriate to your needs.

In signing this application form I acknowledge that:

I have read and understand the Product Disclosure Statement dated 4 October 2004 to which this application is attached and agree, consent and acknowledge the declarations, conditions and acknowledgments provided in this Product Disclosure Statement and declare that all the details given in this application are true and correct. I authorise AUSfund to search for unclaimed benefits on my behalf. I understand that if I elected to purchase this investment without advice from a licensed financial adviser or received

advice on a limited range of products or no fact find was undertaken, I risk making an investment decision, which may not be appropriate to my needs.

SIGNATURE: DATE:

Cooling - off period

When you join this Fund you will receive confirmation of membership. From the time you receive this, there is a 14-day period during which you may write to the Trustee cancelling your membership.

Should you choose to cancel your membership, any charges will be refunded. If contributions already made were taxable, then this tax may already have been paid and you may have to claim it back from the Australian Tax Office.

The amount of your refund could be adjusted up or down to take into account movements in investment values during the period between joining and cancelling membership.

**Industry Funds Investments Ltd ABN 17 006 883 227, AFSL 229881
is the Trustee of Australia's Unclaimed Super Fund
Return to PO BOX 2468, KENT TOWN SA 5071**

HOW TO CONTACT US

AUSfund Administration

PO Box 2468

KENT TOWN SA 5071

Ph: 1300 361 798 (local call cost except mobiles)

Fax: 1300 366 233 (local call cost except mobiles)

International callers: +61-8 8205 4953

Email: admin@ausfund.net.au

www.unclaimedsuper.com.au

AUSfund Trustee Office

Level 29, 2 Lonsdale Street

MELBOURNE VIC 3000

Ph: (03) 9657 4303

Fax: (03) 9657 4322