

Annual Report

September 2010



**A top
performer**
9 out of the
past 12 years.



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Front cover:
Luisa Di Tella,
AustralianSuper member



Benefits at a glance:

- Low fees
- Run only to benefit members
- Choice of investment options
- Insurance that protects members and their families
- Dedicated customer service centre
- Online access to your super account
- Best practice website
- Member education and communication
- Access to financial planning

AustralianSuper key facts:



1.4 million
members



\$32 billion in
funds under
management



Over one in
ten working
Australians enjoy
the benefits of
AustralianSuper



We help over
125,000 Australian
businesses
manage their
super



Chair and Chief Executive report



Elana Rubin Chair



Ian Silk Chief Executive

In an unpredictable investment climate like this one, it's important that AustralianSuper remains focused on maximising your retirement income.

So we're pleased to report that AustralianSuper has delivered strong returns for our members. Our Balanced option has returned 10.06% for the 12 months to 30 June 2010, which is higher than the median* balanced fund return of 9.79% for the same period.

This is a very good result given the uncertainty of the past 12 months which, after a resurgence in sharemarkets last year, saw difficult investment markets in the second half of the financial year. You'll find a full investment commentary on page 6.

Helping you get 'ready'

Being financially ready for retirement is what we want for every member. To this end, we've developed a new online Retirement income calculator.

The calculator gives a score on how well you're tracking to achieve a retirement income target. The target is set at 75% of your wage or salary or you can choose your own target. The calculator is different from others in the market in that it does more than just show a projection of retirement income; it also shows how long it will last. As well, it takes into account other investments you may have on top of super, including property, a partner's savings and even the Government Age Pension. See page 4 for more details.

An invitation to you

We invite you to join us for our annual member briefings in October to find out more about investment performance and market conditions, how AustralianSuper is doing in the current climate, and our plans to remain a market-leading fund.

This year our Investment Committee Chair, Bernie Fraser, will update members on the outlook for investment markets and AustralianSuper's investment strategy in this environment. Visit www.australiansuper.com/briefing for details.

On behalf of the AustralianSuper Trustee, we reiterate our commitment to maximising your retirement income. We thank all our members and employers for their ongoing support.

Elana Rubin
Chair

Ian Silk
Chief Executive

* SuperRatings Fund Crediting Rate Surveys, June 2010, SR50 Balanced Index.

'Being financially ready for retirement is what we want for every member.'

Important fund news

Our new calculator can tell you if you're Retirement Ready

Our new Retirement income calculator gives you a clear picture of how much income you're likely to receive once you've finished work – and how you can get more.

The calculator gives you a score on how well you're tracking to achieve a retirement income target. Your projected retirement income can also take into account other investments you might have as well as super, including property and even the Government Age Pension.

You're 100% Retirement Ready if you're on track to achieve your retirement income target until your life expectancy age.

Visit www.australiansuper.com/RIC



Helping you make decisions

To make decisions about your super investment, you need to know what's going on. You also need the right tools.

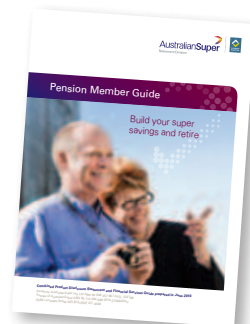
That's why we use a variety of channels to communicate with our members and provide a variety of tools to help them work through the options.

- Our Investor Education Team has launched a range of new information services, including a quarterly investment



performance update, fact sheets, regular investment webcasts and monthly email bulletins on investment topics.

- Our Pension members have a suite of communication materials tailored to their unique needs, including our *Retirement in focus* newsletter produced twice a year, and our member magazine.



To get started...

Enter your details in the columns below.

Why are you asking me this?	Why are you asking me this?	Why are you asking me this?
About you	About your finances	About your partner's finances
Current age 45	Current salary (before-tax) \$ 80,000 pa	Current salary (before-tax) \$ 35,000 pa
Age you plan to retire 67	Current super balance \$ 40,000	Current super balance \$ 0
Gender Female	Other before-tax contributions \$ pa	Other before-tax contributions \$ pa
Single or couple Single	Other after-tax contributions \$ pa	Other after-tax contributions \$ pa
At retirement, own or rent Own	Other investments \$	Other investments \$

- Our tailored communication materials for our Corporate members includes a newly revamped website.



- We also have webcasts (online video presentations) and webinars (online seminars that allow members to ask questions) on a range of topics.

Visit our website at www.australiansuper/webcast for a full program.

Excellent take-up of new insurance options for Industry members

In late May 2010 AustralianSuper introduced new, improved insurance arrangements that offered Industry members higher levels of Death and Total & Permanent Disablement (TPD) cover for the same cost – or the same cover for less cost. We also

introduced automatic Income Protection cover for most of our Industry members.

Our flexible insurance options give members choices about the type and level of insurance cover they need. Since May, thousands of members have made changes to their cover to make it right for them. Some members decreased their cover or opted out, and many increased their Death and/or TPD cover.

Our online insurance calculator helped many members decide how much cover they need, and how much it would cost.

Try it out at www.australiansuper.com/InsuranceCalculator

Complying fund

The Trustee operates AustralianSuper to comply with the requirements of the *Superannuation Industry (Supervision) Act 1993*, the *Corporations Act 2001* and other relevant legislation.

The Australian Prudential Regulation Authority (APRA) has approved AustralianSuper Pty Ltd as the holder of a Registrable Superannuation Entity Licence (L0000796) and AustralianSuper as a Registrable Superannuation Entity (R1001693).

The Australian Securities and Investments Commission (ASIC) has granted an Australian Financial Services Licence (AFSL 233788) to AustralianSuper Pty Ltd to enable it to provide advice to members and employers about superannuation and related matters.

The Trustee submits returns to APRA and ASIC each year.

Eligible rollover fund

Generally, if you have less than \$700 in your account and we haven't received employer contributions for you for at least 13 months, we may transfer your account to AUSfund.

AUSfund is an eligible rollover fund, into which lost super fund members or members with small, inactive accounts are transferred. The transfer to AUSfund protects your account from erosion by administration fees. If your account is transferred to AUSfund, you will no longer be a member of AustralianSuper, and any insurance cover you had with AustralianSuper will cease.

To contact AUSfund:

- call 1300 361 798; or
- write to PO Box 2468
KENT TOWN SA 5071.

As of 1 July 2010 all super funds are required to transfer lost super accounts with balances less than \$200, or those that have been 'inactive' for more than five years (where there are insufficient records to identify the owner of the account) to the Australian Taxation Office (ATO).

To find out more visit www.ato.gov.au

AustralianSuper Trust Deed

The Governing Rules are the legal documents that govern the way AustralianSuper is operated and managed. The Fund's governing rules are principally contained in the Trust Deed*.

The AustralianSuper Trust Deed was not changed in the 2009/2010 year.

* A copy of the Trust Deed is available to members and employers on request.



The year in review

Mark Delaney
Chief Investment Officer

Double-digits for the year, but ups and downs continue

It's been an unpredictable journey for investment markets since the bottom of the global financial crisis (GFC) in March 2009, and AustralianSuper's investment returns for the past six and 12 month periods reflect this. After a resurgence in sharemarkets last year, particularly in Australian shares, we started 2010 on a positive note. However, uncertainty in overseas markets and economies – mostly regarding European countries' debt levels – saw many markets finish lower by the end of June.

We're very pleased to advise members that our Balanced option (which is the option most members are invested in) returned 10.06% for the 12 months to 30 June 2010, compared to the median* balanced fund return of 9.79%. For the six months to the same date, it returned -1.71%, compared to the median balanced fund return of -2.34%.

Sharemarkets fluctuated

After the recovery in Australian and international sharemarkets in 2009, the first six months of 2010 have seen sharemarkets become more cautious.

Although the Australian economy has continued to do well thanks to strong growth in the economies of our key customers such as China and India, our sharemarket is being buffeted by the uncertainties surrounding the global economy. This is likely to continue for some time.

While this is unsettling for AustralianSuper members, the important thing to remember is that after all the turmoil of the GFC, sharemarkets are gradually recovering and economic indicators are generally improving.

Other asset classes

Although sharemarkets have been up and down, other investment markets such as property and infrastructure have performed more consistently. Over the past six months, the returns from these sectors show they are starting to climb again.

Fixed interest markets have also continued to perform well. Given our strengthening economy, the Reserve Bank has been moving Australian interest rates back to what it considers 'normal' levels, with the cash rate increasing in March, April and May to its current level of 4.5%.

Whatever the markets, remember the long-term view

We're likely to see fluctuations in investment markets for some time to come, but with superannuation investments it's always important to put short-term fluctuations in investment returns in context.

The average annual return of AustralianSuper's Balanced[†] option since its inception in 1985 has been 9.62%. Also, AustralianSuper's Balanced option has been in the top 25% of super funds nine times in the past 12 years – more frequently[‡] than any other super fund.

It's especially useful to remember these longer term returns during periods of significant fluctuation in markets. If you find yourself tempted to switch options during periods of market instability, remember that your likelihood of earning a positive return on investments increases the longer you hold them.

* SuperRatings Fund Crediting Rate Surveys, June 2010, SR50 Balanced Index.

† Returns quoted are net of fees and tax (see note on page 13).

‡ Data compiled by AustralianSuper from SuperRatings Fund Crediting Rate Surveys from June 1999 through to June 2010.

Investment performance

As at 30 June 2010

Investment option	6 months %		1 year %		5 years % pa		10 years % pa	
	AusSuper	B'mark	AusSuper	B'mark	AusSuper	B'mark	AusSuper	B'mark
PreMixed options								
High Growth	-3.09	-3.63	9.74	10.12	3.49	2.82	4.61	4.02
Balanced	-1.71	-2.34	10.06	9.79	4.47	3.45	5.74	4.51
Sustainable Balanced	-1.36	-2.34	11.67	9.79	4.02	3.45	n/a	n/a
Conservative Balanced	-0.28	-0.52	9.71	9.49	n/a	n/a	n/a	n/a
Stable	1.06	0.98	8.63	8.50	5.10	4.10	n/a	n/a
Capital Guaranteed	1.82	1.60	3.11	2.83	4.53	4.46	4.56	4.28
DIY options								
Australian Shares	-9.68	-10.17	13.34	12.23	5.17	3.85	8.01	6.26
International Shares	-1.17	-3.23	7.50	4.85	0.13	-1.82	-2.44	-4.15
Australian Sustainable Shares	-5.79	-9.79	27.10	11.65	6.12	3.62	n/a	n/a
International Sustainable Shares	-5.41	-3.70	-1.95	4.06	-4.13	-2.27	n/a	n/a
Property	2.73	3.62	1.85	2.75	4.31	6.03	6.72	7.50
Australian Fixed Interest	3.83	4.07	6.55	6.48	4.47	4.98	n/a	n/a
International Fixed Interest	3.63	4.73	6.28	7.60	2.89	5.86	n/a	n/a
Diversified Fixed Interest	5.32	4.53	9.83	7.89	5.05	5.28	6.00	5.82
Cash	2.25	1.94	4.22	3.49	5.26	5.27	4.78	5.07

Benchmarks

High Growth: SR50 Median Growth Option. **Balanced:** SR50 Median Balanced Option. **Sustainable Balanced:** SR50 Median Balanced Option. **Conservative Balanced:** SR25 Median Conservative Balanced Option. **Stable:** SR50 Median Capital Stable Option. **Capital Guaranteed:** UBSA Bank Bill Index adjusted for fees and tax. **Australian Shares:** S&P/ASX300 Accumulation Index adjusted for fees and tax. **International Shares:** MSCI AC World ex Australia (in \$A) Index adjusted for fees and tax. **Australian Sustainable Shares:** S&P/ASX300 Accumulation Index adjusted for fees and tax. **International Sustainable Shares:** MSCI World Net Dividend Reinvested Unhedged to \$A adjusted for fees and tax. **Property:** Mercer/IPD Unlisted Property Index adjusted for fees and tax. **Australian Fixed Interest:** UBSA Composite All Maturities Bond Index adjusted for fees and tax. **Diversified Fixed Interest:** (50% UBSA Composite All Maturities Bond Index + 50% Barclays Global Aggregate Index hedged in \$A) adjusted for fees and tax. **International Fixed Interest:** Citigroup WGB Hedged Index adjusted for fees and tax. **Cash:** UBSA Bank Bill Index adjusted for fees and tax.

Returns quoted are net of fees and tax (see note on page 13). The 1-year, 5-year and 10-year figures are rolling returns as at 30 June 2010.

Your investment options

Each AustralianSuper investment option has different objectives and strategies.

PreMixed investment options

High Growth

Designed for members who want higher growth over the long term and who accept greater volatility of investment returns year to year, including the possibility of negative returns in some years.

Risk: High

Investment objective: To outperform the median growth fund and CPI¹ + 5% pa over the medium to long term*.

Balanced option

Designed for members who want a level of return over the medium to long term that is competitive with other balanced funds, and who accept that there will be some fluctuation of returns from year to year, including the possibility of negative returns.

Risk: Medium-high

Investment objective: To outperform the median balanced fund and CPI¹ + 4% pa over the medium to long term*.

Sustainable Balanced

A socially responsible investment (SRI) option that has been developed for members who want to invest in environmentally and socially responsible companies and who expect investment returns similar to those of other balanced funds, and accept that there will be some fluctuation of returns, including the possibility of negative returns in some years.

Risk: Medium-high

Investment objective: To outperform the median balanced fund and CPI¹ + 4% pa over the medium to long term*.

Conservative Balanced

Designed for members who want an investment that provides solid capital accumulation, strong yield and sound capital protection, and which is competitive with other balanced funds. There may be some risk of a negative return over three years but minimal risk over five years.

Risk: Medium

Investment objective: To outperform the median conservative balanced fund and CPI¹ + 3.5% pa over the medium term*.

Stable

Developed for members who are happy to achieve relatively conservative investment growth and who want greater security of their assets than may be provided through the High Growth, Balanced, Sustainable and Conservative Balanced investment options.

Risk: Low-medium

Investment objective: To outperform the median capital stable fund and CPI¹ + 3% pa over the medium term*.

Capital Guaranteed

Designed for members whose primary focus is on the security of their assets and who are willing to accept relatively modest investment growth in order to achieve this.

Risk: Low

Investment objective: To guarantee a member's capital². The aim of this investment option is to outperform* retail cash management accounts by at least 0.5% pa.

¹ 'CPI' stands for Consumer Price Index – an index measuring the prices at various times of a selected group of goods and services that typify those bought by ordinary Australian households. It allows comparisons of the relative cost of living over time, and is used as a measure of inflation.

² The Capital Guaranteed investment option invests through a life office capital guaranteed statutory fund under a policy issued by AXA Australia. The terms of this policy have the effect that the original capital amount invested cannot reduce due to poor investment returns and the manager aims to provide a smoothed investment return.

* AustralianSuper returns are after fees and benchmark returns are adjusted for fees.



For information about making an investment choice, refer to our *Member Investment Choice Guide*, available from our website at www.australiansuper.com

DIY Mix investment options

Australian Shares

Management style: To invest in a combination of index and active-style managers in over 300 companies listed on the Australian Stock Exchange.

Risk: High

Investment objective: To outperform the S&P/ASX300 Accumulation Index over the medium to long term*.

International Shares

Management style: To invest in a combination of index and active-style managers, in a selection of over 1,400 companies listed on stock markets around the world, including emerging markets. Currency hedging is not used, meaning the option is fully exposed to foreign exchange movements.

Risk: High

Investment objective: To outperform the MSCI World All Countries (ex-Australia) Index over the medium to long term*.

Australian Sustainable Shares

Management style: To invest with an active-style manager, in a selection of companies listed on the Australian Stock Exchange. This option is invested by an investment manager which uses environmental, social and governance considerations to select shares.

Risk: High

Investment objective: To outperform the S&P/ASX300 Accumulation Index over the medium to long term*.

International Sustainable Shares

Management style: This option is invested with an international shares manager which uses environmental, social and governance considerations to select shares. Currency hedging is not used, meaning the option is fully exposed to foreign exchange movements.

Risk: High

Investment objective: To outperform the MSCI World Net Dividend Reinvested Unhedged Index over the medium to long term*.

Property

Management style: To invest in a range of property assets in Australia and overseas. Investments are in direct property (ie not listed on a stock exchange), using a variety of specialist property investment managers.

Risk: High

Investment objective: To outperform CPI¹ + 3% pa and the Mercer/IPD Unlisted Property Index over the medium term*.

Australian Fixed Interest

Management style: To invest with manager(s) in Australian fixed interest securities (such as inflation-linked, government and non-government bonds and short-term securities).

Risk: Low-medium

Investment objective: To outperform CPI¹ + 1-2% pa and match the return of the UBSA Composite All Maturities Bond Index over the medium term*.

International Fixed Interest

Management style: To invest with index manager(s) in international fixed interest securities (such as inflation-linked,

government and non-government bonds), including emerging markets. Currency hedging is used, meaning the option is protected as fully as possible from foreign exchange movements.

Risk: Low-medium

Investment objective: To outperform CPI¹ + 1-2% pa and match the return of the Citigroup WGB Hedged Index over the medium term*.

Diversified Fixed Interest

Management style: To invest with a combination of active and index-style manager(s) in a range of fixed interest securities (such as inflation-linked, government, non-government bonds, high-yield loans, asset-backed and short-term securities), in Australia and overseas, including emerging markets. Currency hedging is used, meaning the option is protected as fully as possible from foreign exchange movements.

Risk: Low-medium

Investment objective: To outperform CPI¹ + 1-2% pa and match the return of 50% of the UBSA Composite All Maturities Bond Index plus 50% of the Barclays Capital Global Aggregate Bond Hedged Index over the medium term*.

Cash

Management style: To invest with a number of managers to produce a return above the official cash rate.

Risk: Low

Investment objective: To outperform CPI¹ and match the return of the UBSA Bank Bill Index each year.

Investment managers as at 30 June 2010

Investments	2010 \$ '000	2009 \$ '000
Australian equities		
Alliance Capital Management Australia Ltd	0	1,358
ASX 200 Shares Option	204,226	158,536
Ausbil Dexia Ltd	911,941	516,204
Australian Equity Cash	140,724	385,654
Australian Equity Transition Portfolio	188,660	15,511
Australian Sustainable Share Managers	45,719	0
Concord Capital Ltd	1,024,331	625,546
Eley Griffiths Group Ltd	172,345	58,105
IFM ASX 300 Index Fund	4,926,445	4,151,393
Macquarie Investment Management Ltd	5	374
Northcape	188,649	0
Orion	919,081	652,165
Paradise Cooper Investors Pty Ltd	0	110
Paradise Cooper Mid Caps	106,887	90,647
Perpetual Asset Management Ltd	1,367,372	932,101
SSGA Alpha Plus	9,616	7,409
Vanguard Investors	695,686	234,504
Aviva Capital	206,667	61,731
Sector total	11,108,352	7,891,348

International equities		
Acadian Asset Management	355,201	337,882
AustralianSuper International Equity Cash	9,667	6,501
Baillie Gifford Overseas Ltd	695,556	570,985
Capital International Inc.	823,987	766,793
Dexia Sustainable Global Equity Fund	74,010	24,261
First State Investments	375,761	89,637
Forward Foreign Currency Contracts	(60,112)	21,161
Genesis Asset Managers	256,519	0
International Equity Futures	108,033	0
International Equity Transition Portfolio	2,375	58,922
LSV Asset Management	907,571	325,827
Marathon Asset Management Ltd	742,868	366,789

Investments	2010 \$ '000	2009 \$ '000
International equities (continued)		
Marvin and Palmer International Equities	0	117,121
Orbis Institutional Global Trust	805,239	692,208
SSGA Australia Ltd	704,916	939,103
T – Rowe Price	743,815	517,986
Wellington International Management	246,928	
Sector total	6,792,335	4,835,176

Private equities		
AustralianSuper Investment Fund No. 3	155,413	118,476
AustralianSuper Private Equity Cash	6,843	8,880
AustralianSuper Private Equity Trust	333,724	232,712
Frontier Investment Consulting Pty Ltd	1,202	930
IFM Australian Private Equity Fund II	40,513	44,421
IFM Australian Private Equity Fund III	71,440	62,652
IFM Australian Private Equity Fund IV	103,896	70,224
IFM International Private Equity Fund I	117,467	96,608
IFM International Private Equity Fund II	64,945	67,702
IFM International Private Equity Fund III	28,696	16,612
Industry Funds Administration Trust	36,505	35,452
Industry Super Holdings Pty Ltd	246,314	185,018
Portland Orthopaedics Pty Ltd	242	242
Private Equity Currency Overlay	10,495	31,741
Virtual Communities Pty Ltd	2,353	2,346
Sector total	1,220,049	974,016

Global bonds		
Alternative Fixed Income Fund	579,179	514,413
Aquasure Finance	21,770	0
AustralianSuper Global Bonds Cash	68,843	9,671
Barclays Global Investors	285,008	0
Barclays Overseas Bond Index Fund	157,433	0
Brandywine	563,417	467,051
Bridgewater Associates Inc.	570,482	495,756
Challenger	60,851	0

Investments	2010 \$ '000	2009 \$ '000
Global bonds (continued)		
CSAM Syndicated Loan Fund	130,555	104,933
Fixed Interest Transition Account	10,110	537,596
Kapstream Absolute Fund	59,796	55,609
Macquarie Cash Managers	190,522	0
PIMCO Australia Pty Ltd	268	1,870
PIMCO International Fixed Interest Trust	24,240	41,612
SSGA Australian Fixed Interest Trust	219,460	298,901
Super Loans Trust	307,222	284,875
Sector total	3,249,156	2,812,287
Property		
AMP Direct Property Trust	267,622	256,823
AustralianSuper Investment Fund No. 4	138,694	124,792
AustralianSuper Property Cash	149,798	24,053
AustralianSuper Property Currency Overlay	7,959	20,401
AustralianSuper Property Pty Ltd	88,500	65,413
Charter Hall Opportunity Fund No. 4	6,977	18,040
Charter Hall Opportunity Fund No. 5	33,082	20,676
Fiduciary International Real Estate Fund 2A	22,703	28,470
Fortius Active Property Trust No. 1	92,629	76,712
GPT Wholesale Office Trust	0	160,070
Gresham Property Mezzanine Fund No. 2	3,743	6,816
Hotel Leisure & Tourism Trust of Australia	0	2,113
ICA Property Development Fund No. 4	957	4,620
ICA Property Development Fund No. 5	4,512	12,063
ISPT 50 Lonsdale Street Property Trust	84,359	85,457
ISPT Core Fund	1,680,233	1,799,433
ISPT Development and Opportunity Fund No. 1	42,403	48,570
ISPT Development and Opportunity Fund No. 2	22,279	5,125
ISPT Grosvenor International Property Trust	110,320	125,943
QIC Property Fund	512,000	0
Sustainable Agriculture Fund	29,292	0
Sector total	3,298,063	2,885,590

Investments	2010 \$ '000	2009 \$ '000
Infrastructure		
AustralianSuper Infrastructure Currency Overlay	33,857	10,847
AustralianSuper Investment Fund	39,733	47,465
AustralianSuper Investment Fund No. 2	46,998	49,130
AustralianSuper Investment Fund No. 5	20,016	78,401
ANZ Energy Infrastructure Fund	109,585	54,820
AustralianSuper Icon Parking No 1 Trust	10,739	12,876
AustralianSuper Icon Parking No 2 Trust	10,739	12,876
IFM Australian Infrastructure Fund	1,432,757	1,203,450
IFM International Infrastructure Fund	1,354,564	1,262,767
IFM Renewable Energy	50,630	0
Kemble Water Holdings Limited	144,872	162,947
Macquarie Global Infrastructure II	29,242	30,756
Moto International Holdings Limited	33,477	35,455
Rare Infrastructure	83,094	78,349
Utilities Trust of Australia	402,111	382,805
Sector total	3,802,414	3,422,944
Capital guaranteed		
AXA Capital Guaranteed	716,429	975,384
Sector total	716,429	975,384
Absolute return strategies		
Basis Australia RIM	58	232
Blackrock Total Return	10,581	256,062
Bridgewater Pure Alpha Fund	63,630	54,046
Jana Triplepoint Fund	0	182,047
Quellos Capital Management, L.P	0	61,615
Sector total	74,269	554,002
Cash		
Enhanced Cash Securities	202,197	585,957
IFM Liquidity Trust	2,183,496	2,061,139
Macquarie Cash Managers	0	433,537
Sector total	2,385,693	3,080,633

Note: As at 30 June 2010, the following combinations of investments represented more than 5% of total fund assets: IFM investment funds 31.6%, ISPT property funds 5.9%.

Financial statements

The details below are a summary of AustralianSuper's statements for the last two financial years. Statements for 2010 are taken from unaudited accounts. Copies of the full audited financial statements and auditor's report will be available by late October 2010 on request.

AustralianSuper financial statements for the year ended 30 June 2010		
	2010 \$'000	2009 \$'000
Opening balance	27,538,506	28,833,556
+ plus income:		
Employer contributions	3,048,127	3,004,110
Member contributions	434,714	401,466
Transfers inwards	1,875,284	1,774,536
Investment income	2,732,610	(4,124,029)
Insurance receipts	123,099	96,414
Other income	21,441	7,027
Total income	8,235,275	1,159,524
- less expenses:		
Benefits paid and payable	2,228,268	2,269,065
Administration & operating expenses	127,767	114,270
Insurance expense	153,170	152,889
Income tax expense	588,564	(81,650)
Total expenses	3,097,769	2,454,574
= net assets available to pay benefits at year end	32,676,012	27,538,506
Made up of:		
Members' funds	32,498,144	27,323,179
Reserves	177,868	215,327
Liability for accrued benefits	32,676,012	27,538,506

Derivatives

AustralianSuper may directly invest in derivatives (futures and options) to reduce investment risks. Managers may use derivatives when investing the assets. Where this is the case, AustralianSuper considers the risks and the controls in place by reviewing each manager's Derivatives Risk Statement (DRS), and receives regular reports of the manager's compliance with the DRS. The derivatives charge ratio did not exceed 5% of fund assets at any time during the year.

AustralianSuper's reserving policy

A reserve is the part of the Fund's assets that has not been allocated to members' accounts.

Reserves for the 3 years to 30 June 2010			
	2008 \$'000	2009 \$'000	2010 \$'000
Reserves	161,059	215,327	177,868

Annual crediting

Financial year returns

A return or 'crediting rate' is similar to a rate of interest. Each day we declare a return for each investment option. The crediting rate declared can be positive or negative depending on investment performance.

The amount allocated to your account is the crediting rate earned during the period

that your money was invested in the investment option(s), less any investment management fees, expenses and other provisions, such as tax.

Investment returns from your chosen investment option(s) are applied to your account effective 30 June and 31 December

each year or earlier if you switch between investment options, or you leave AustralianSuper. If you're an AustralianSuper Corporate member investment returns are applied annually at 30 June.

Investment option	2006 %	2007 %	2008 %	2009 %	2010 %
PreMixed options					
High Growth	19.8	19.2	-8.4	-17.4	9.74
Balanced	17.5	17.8	-5.8	-13.3	10.06
Sustainable Balanced	13.7	16.1	-9.9	-8.3	11.67
Conservative Balanced	n/a	n/a	n/a	-10.2	9.71
Stable	9.0	9.1	2.3	-3.0	8.63
Capital Guaranteed	5.0	5.3	4.9	4.4	3.11
DIY Mixed options					
Australian Shares	23.2	27.2	-12.8	-17.0	13.34
International Shares	20.8	11.2	-18.2	-14.8	7.50
Australian Sustainable Shares	18.1	22.9	-27.2	0.3	27.10
International Sustainable Shares	16.0	3.5	-20.5	-13.6	-1.95
Property	14.8	16.2	7.4	-15.4	1.85
Australian Fixed Interest	3.5	2.9	1.6	8.0	6.55
International Fixed Interest	3.9	2.9	6.4	-4.5	6.28
Diversified Fixed Interest	3.3	3.7	3.9	4.6	9.83
Cash	5.3	5.6	5.1	6.0	4.22

Please note: Returns quoted are net of fees and tax. In calculating historical return information for AustralianSuper we have combined return information from previous ARF and STA investment options. Where only one of the merging funds previously offered an equivalent to an option in the new product suite, the returns of that option have been used. Where both funds offered an equivalent option, the returns have been asset weighted across both options on a monthly basis, where possible. The same process had been used for calculating historical investment fees. Past performance is not an indication of future returns.

The Conservative Balanced option commenced 1 January 2008.

Your Trustee Board



The role of the Board is to ensure that AustralianSuper is operated and managed in the best interests of all members and in accordance with its Governing Rules and superannuation legislation.

Directors are appointed by the Australian Council of Trade Unions (ACTU) and the Australian Industry Group (Ai Group). At 30 June 2010, the Board included representatives from the ACTU, Ai Group, Australian Manufacturing Workers' Union (AMWU), the Australian Workers' Union (AWU) and Australian Liquor, Hospitality and Miscellaneous Workers Union (LHMU).

The Board meets at least six times a year and Directors receive a modest fee for carrying out their duties. This is paid to the organisation represented on the Board by the Director to recognise the time spent on AustralianSuper activities, or to the Directors themselves.

The Trustee Directors and officers are covered by indemnity insurance against the financial effects of legal action against AustralianSuper.

Trustee committees

The Trustee has established a number of committees to assist in managing its functions and responsibilities, including an Investment Committee; Member and Employer Services Committee; Audit, Compliance and Risk Management Committee; Nominations and Remuneration Committee; Budget Review Committee and Benefit Payment Committee. Trustee Directors and some external people with specialist skills, sit on these committees.



Directors on the AustralianSuper Trustee Board, at 30 June 2010

From left (standing):

Mr Paul Howes
Mr Grahame Willis
Mr Lucio Di Bartolomeo
Dr Walter Uhlenbruch AO CLJ
Mr Jeff Lawrence
Mr John Ingram
Mr Bernie Fraser

From left (seated):

Ms Heather Ridout
Ms Elana Rubin
Mr Dave Oliver

Inset left:

Ms Cath Bowtell
Mr Brian Daley
Ms Alison Terry

Changes to the AustralianSuper Trustee Board committees

There have been a number of movements within the Trustee Board committees over the past 12 months.

Cath Bowtell – Cath will remain a Director on the AustralianSuper Board but will resign her role on a number of Fund committees to be replaced on those committees as follows (from June 2010):

- Investment Committee to be replaced by Brian Daley
- Nomination and Remuneration Committee to be replaced by Jeff Lawrence
- Budget Review Committee to be replaced by Paul Howes

Cath has been a Director of AustralianSuper since the Fund's inception and we are delighted she will continue to remain a key figure in the Fund.

Walter Uhlenbruch – The AiGroup has advised that Walter Uhlenbruch will be stepping down from the Member and Employer Services Committee effective 18 May 2010. Alison Terry has been nominated to fill this position effective from the close of the 18 May 2010 meeting.

SERVICE PROVIDERS

The Trustee appoints a number of organisations to provide professional services and expert advice. The key appointments for the year to 30 June 2010 are listed below.

Accountant

Superpartners Pty Ltd

Consulting Actuary

The Heron Partnership Pty Limited

Administrator

Superpartners Pty Ltd

Corporate Administrator

Mercer Pty Ltd

External auditor

Ernst & Young

Internal auditor

PricewaterhouseCoopers

Employer contribution arrears collection

Industry Funds Credit Control

Group Life insurer

TOWER Australia Limited

Principal investment advisers

Frontier Investment Consulting
JANA Investment Advisers Pty Ltd

Legal advisers

Holding Redlich
Mercer Legal
IFS Legal Pty Ltd
Maurice Blackburn Commercial

Master Custodian

JP Morgan Chase Bank

Tax adviser

KPMG



working just for you

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