



## **Annual Report** 2006 – 2007

Sunsuper Solutions



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## Board report

The Board is pleased to present the Sunsuper Annual Report for the financial year ended 30 June 2007.

At Sunsuper our aim is simple – to keep your super, super simple by providing excellent products and services and to be recognised as being the best in the market for it. Our 'profit-for-members' philosophy – which sees profits directed back to you, our members, supports this aim in the form of lower fees and improved services. As one of Australia's largest superannuation funds, we look after over \$12 billion for more than 900,000 members (as at 30 June 2007). Over the last year, assets grew by 35% – continuing a record of growth which has averaged almost 30% each year for the past decade.

It's been a busy year for Sunsuper. Over the last year we have continued to concentrate on reviewing and refining our product offering to ensure we give our members access to a range of benefits and options that suit their circumstances and from 1 July 2007 we have implemented a number of changes to improve our various products.

In line with our belief in the importance of adequate insurance cover we have refined our Sunsuper Solutions insurance by securing a higher level of standard cover for most of our members. We have also refined our investment options by removing some options, adding some options, renaming some options and altering the Growth option to make sure it continues to focus on achieving solid returns over the long-term (at least ten years).

During the year we also improved our Member education with the addition of the Member Advice Centre, which has proven extremely popular with members seeking no cost advice on a range of specific issues.



The Federal Government's *Better Super* changes were packed with a series of sweeping reforms, which significantly altered superannuation and retirement planning strategies. More information on the legislation changes and how they will affect your super can be found on our website.

With all the new product improvements and legislation reforms we have had to work hard to keep Sunsuper as efficient as possible for the benefit of our members. We've done this by working closely with our service providers and investment managers, in particular CitiStreet Australia, our administration manager.

## One of Australia's most awarded funds

Sunsuper is recognised as one of Australia's leading superannuation funds by three separate independent ratings organisations. Sunsuper was also named 'Industry Fund of the Year' in the AFR Smart Investor Blue Ribbon Awards 2006.

## Looking ahead

At Sunsuper, we will stay committed to providing a high level of service to our employers and members and we will continue to focus on the things that could help you maximise your retirement savings.

The Board would like to welcome Sunsuper's new Chief Executive Officer, Tony Lally and believes Tony and his senior management team will continue to build Sunsuper's record of success and innovation and move the Fund into a new phase of development.

The Board would also like to thank Don Luke for his outstanding performance as Sunsuper's Chief Executive Officer for the past 10 years.

We look forward to continuing to provide excellent superannuation solutions.

# Highlights

## Super performance

We've been busy growing your super again this year. While we continue to focus on the long-term, we are pleased with the strong returns to 30 June 2007. On top of this, in the past year the funds we manage have grown from \$9.4 billion to \$12.7 billion making it clear we're one of Australia's fastest growing super funds.

Returns for the Sunsuper options to 30 June 2007, after investment fees and taxes:

| Investment Option                  | 1 year % pa | 3 year % pa | 5 year % pa | Since inception % pa |
|------------------------------------|-------------|-------------|-------------|----------------------|
| Sunsuper Conservative <sup>1</sup> | 8.6         | 9.4         | -           | 8.7                  |
| Sunsuper Moderate <sup>1</sup>     | 11.3        | 11.7        | -           | 10.2                 |
| Sunsuper Balanced                  | 15.8        | 14.6        | 11.7        | -                    |
| Sunsuper Growth                    | 18.5        | 16.7        | 13.3        | -                    |
| Sunsuper All Shares <sup>1</sup>   | 18.6        | 17.2        | -           | 13.9                 |

<sup>1</sup> Since inception returns have been provided for these options because 5 year returns are not available. These options commenced on 25 October 2002.

Note: Past performance is not a reliable indication of future performance.

# Investment options

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Sunsuper members can choose an investment strategy for their superannuation that best suits their personal circumstances. Sunsuper's investment options have been designed to cover a broad range of strategies and a broad risk/return spectrum. These investment options invest in a wide range of asset classes and each option uses high quality investment managers selected by Sunsuper in consultation with its investment consultants.

All members of Sunsuper Solutions have a choice of 5 investment options. However, those members with at least \$1,000 in their account, can choose from our full range of 29 investment options. Using these investment options, you can choose an investment strategy for your savings that best suits your personal circumstances.

The 5 Sunsuper options are:

- Sunsuper Conservative,
- Sunsuper Moderate,
- Sunsuper Balanced,
- Sunsuper Growth, and
- Sunsuper All Shares

If you do not make a choice, your superannuation will be invested in the Sunsuper Balanced option.

The tables on pages 5 to 9 provide a description of each of the 5 investment options, their investment objectives and investment mix.

For more details on Sunsuper's investment options, call 13 11 84 or visit [www.sunsuper.com.au](http://www.sunsuper.com.au) for a copy of the Sunsuper *Investment guide*.

## Investment objectives and strategies

Sunsuper's investment objectives are:

- to maximise the real long-term investment returns (after investment tax and fees),
- to implement an investment manager configuration for each investment option which will in the long-term outperform the benchmark return and peer groups,
- to avoid exposing each investment option to inappropriate risk through diversification of investments and of managers, and
- to maintain sufficient liquid assets so as to pay all benefit and expense obligations in full when due.

The investment objectives and investment mix for each of the 5 Sunsuper options are set out in the tables on pages 5 to 9.

To achieve the investment objectives, each of the 5 Sunsuper options has a unique mix of defensive assets (cash, Australian fixed interest, International fixed interest and alternative assets) and growth assets (Australian shares, International shares, property and alternative assets). Alternative assets include infrastructure, private equity, hedge funds and opportunistic property funds. Options that have more defensive assets generally have lower risk and lower return, while options that have more growth assets generally have higher risk and higher return.

## **Sunsuper believes in actively managing your money**

Sunsuper has adopted a philosophy of active investment management. We have a strong belief that this approach will result in returns higher than returns from index managers, even after active management fees are taken into account.

In addition to expecting our managers to outperform their benchmarks through active management, all of our managers are expected to:

- have world-class professional investment processes,
- complement each other's processes and styles, and
- be cost effective.

For the 5 Sunsuper options, we also aim to add value through short- to medium-term changes to each option's asset allocation.

Sunsuper aims to reduce investment risk by diversifying across both asset classes and manager styles.

## **How we calculate your balance**

Your account balance is calculated by multiplying the number of units you have in each investment option by the unit price for each option. As the unit prices are calculated on a daily basis, the value of your account may change daily. Investment earnings are reflected by the movement in unit prices which can be up or down.

The movement in unit prices, the repayment of capital, and the performance of any investment option are not guaranteed. Investing in a specific investment option does not give any entitlement to the assets underlying that investment option.

## **Use of derivatives in the Fund**

Sunsuper's policy is to allow our investment managers to use derivatives, such as futures, options and swaps, to achieve their investment objectives, particularly for the purpose of managing risk. However, the managers must operate within specific guidelines.

Our investment managers who invest in derivatives must adopt a Derivative Risk Statement that is acceptable to Sunsuper. This statement sets out the use of derivatives and the controls in place to protect against improper use of derivatives.

In particular, derivatives cannot be used to gear the Fund or create net short positions.

# Investment options (continued)

## Investment fees and costs

All superannuation funds incur investment fees to cover the costs of investing and managing investments for their members. In line with our profit for members philosophy, Sunsuper does not profit from investment fees.

We report the investment fee in two components, the base fee and the performance fee. These are calculated as a percentage of the total assets managed in each investment option. The actual investment fees incurred for the 2006/2007 financial year, are shown in the tables on pages 5 to 9.

A buy/sell spread is the cost charged by the investment manager for transaction costs in buying and selling the underlying assets of the investment option. For some investment options, this cost is passed on to you. We do not add a margin to the buy/sell spreads charged by the investment managers. The buy/sell spreads at 30 June 2007 for the 5 Sunsuper options are nil. The buy/sell spread may vary from time to time to reflect the buy/sell spread charged by the relevant investment managers.

## Estimated base and performance fees for 2007/2008

The investment option tables on pages 5 to 9 also show the estimated base fees and the estimated range of performance fees for 2007/2008.

These are our best estimates based on recent experiences and our current expectations for ongoing investment costs. Performance fees are difficult to predict because the level of out-performance by the managers is difficult to predict. The performance fee may exceed the estimated ranges if managers produce exceptional performance.

We monitor the ongoing investment costs and for each investment option the investment fees deducted will not be more than the actual investment costs incurred but may differ from our estimates, for example, due to changes in the investment manager mix or investment manager fees. We will let you know the actual investment fees at the end of the 2007/2008 financial year. For more information on Sunsuper's investment fees call 13 11 84 or go to [www.sunsuper.com.au](http://www.sunsuper.com.au).

We intend to update our *Investment guide* to include more detailed information about certain external manager investment options from 1 November 2007.

The additional information is required to comply with recent changes to the Australian Securities and Investments Commission's policy on disclosure about certain investments that can be accessed through a superannuation fund.

The information on each of these investment options in the updated *Investment guide* is derived from information supplied by the manager in the most recent disclosure document issued by them at the time Sunsuper issued the updated *Investment guide*.

When your money is invested in your nominated external manager investment option, you may not have the information from the most recent disclosure document for that investment option. Also, you may not have been notified about material adverse changes or significant events that adversely affect some of the information that was previously provided about that option. So to make sure you have the latest copy of the *Investment guide* go to [www.sunsuper.com.au](http://www.sunsuper.com.au) or call us on 13 11 84.

# Sunsuper Conservative

## INVESTMENT OBJECTIVES

**Investment in:** A mixture of growth and defensive assets, with an emphasis on defensive assets.

**Style:** Multi-manager, active.

**Performance objective:** Real returns of 3% pa after investment fees and taxes.

**Expected outcome:** Positive returns expected in 13 out of 14 years.

## INVESTMENT MIX



|                         | Benchmark %<br>(pie chart) | Investment<br>mix 30/6/07 | Investment<br>mix 30/6/06 | Allowable<br>range % |
|-------------------------|----------------------------|---------------------------|---------------------------|----------------------|
| <b>Defensive assets</b> | <b>70</b>                  | <b>69.7</b>               | <b>69.4</b>               |                      |
| ■ Cash                  | 16                         | 15.9                      | 15.9                      | 5-35                 |
| ■ Fixed interest        | 44                         | 45.6                      | 48.6                      | 25-60                |
| ■ Alternative assets    | 10                         | 8.2                       | 4.9                       | 0-25                 |
| <b>Growth assets</b>    | <b>30</b>                  | <b>30.3</b>               | <b>30.6</b>               |                      |
| ■ Property              | 5                          | 5.2                       | 5.3                       | 0-20                 |
| ■ Australian shares     | 14                         | 14.2                      | 14.2                      | 0-30                 |
| ■ International shares  | 11                         | 10.9                      | 11.1                      | 0-25                 |
| ■ Alternative assets    | 0                          | 0.0                       | 0.0                       | 0-10                 |

## ANNUAL RETURNS<sup>1</sup>

2007: 8.6%

2006: 9.8%

2005: 9.7%

2004: 8.6%

Since inception: 8.7% pa (commenced October 2002)

Returns are for the year ended 30 June and are after investment fees and taxes.

## INVESTMENT FEES 06/07<sup>2</sup>

Actual base fee: 0.30% pa

Actual performance fee: 0.09% pa

Buy/sell spread: Nil

## ESTIMATED FEES 07/08<sup>2</sup>

Estimated base fee: 0.30% pa

Estimated performance fee: 0% to 0.20% pa

<sup>1</sup> Past performance is not a reliable indication of future performance.

<sup>2</sup> It is important to read the information on page 4.

# Sunsuper Moderate

## INVESTMENT OBJECTIVES

**Investment in:** A mixture of growth and defensive assets.

**Style:** Multi-manager, active.

**Performance objective:** Real returns of 3.5% pa after investment fees and taxes.

**Expected outcome:** Positive returns expected in 7 out of 8 years.

## INVESTMENT MIX



|                         | Benchmark %<br>(pie chart) | Investment<br>mix 30/6/07 | Investment<br>mix 30/6/06 | Allowable<br>range % |
|-------------------------|----------------------------|---------------------------|---------------------------|----------------------|
| <b>Defensive assets</b> | <b>50</b>                  | <b>49.7</b>               | <b>49.3</b>               |                      |
| ■ Cash                  | 7                          | 7.0                       | 6.8                       | 0-25                 |
| ■ Fixed interest        | 35                         | 35.7                      | 38.6                      | 10-50                |
| ■ Alternative assets    | 8                          | 7.0                       | 3.9                       | 0-25                 |
| <b>Growth assets</b>    | <b>50</b>                  | <b>50.3</b>               | <b>50.7</b>               |                      |
| ■ Property              | 5                          | 5.1                       | 5.3                       | 0-20                 |
| ■ Australian shares     | 23                         | 25.2                      | 25.3                      | 10-35                |
| ■ International shares  | 15                         | 15.9                      | 16.0                      | 5-30                 |
| ■ Alternative assets    | 7                          | 4.1                       | 4.1                       | 0-20                 |

## ANNUAL RETURNS<sup>1</sup>

2007: 11.3%    2006: 13.1%    2005: 10.7%

2004: 10.8%

Since inception: 10.2% pa (commenced October 2002)

Returns are for the year ended 30 June and are after investment fees and taxes.

## INVESTMENT FEES 06/07<sup>2</sup>

Actual base fee: 0.38% pa

Actual performance fee: 0.10% pa

Buy/sell spread: Nil

## ESTIMATED FEES 07/08<sup>2</sup>

Estimated base fee: 0.35% pa

Estimated performance fee: 0% to 0.21% pa

<sup>1</sup> Past performance is not a reliable indication of future performance.

<sup>2</sup> It is important to read the information on page 4.



# Sunsuper Balanced

## INVESTMENT OBJECTIVES

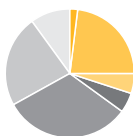
**Investment in:** A mixture of growth and defensive assets, with an emphasis on growth assets.

**Style:** Multi-manager, active.

**Performance objective:** Real returns of 4% pa after investment fees and taxes.

**Expected outcome:** Positive returns expected in 6 out of 7 years.

## INVESTMENT MIX



|                         | Benchmark %<br>(pie chart) | Investment<br>mix 30/6/07 | Investment<br>mix 30/6/06 | Allowable<br>range % |
|-------------------------|----------------------------|---------------------------|---------------------------|----------------------|
| <b>Defensive assets</b> | <b>30</b>                  | <b>30.3</b>               | <b>30.1</b>               |                      |
| ■ Cash                  | 2                          | 2.0                       | 1.9                       | 0-25                 |
| ■ Fixed interest        | 23                         | 19.7                      | 22.9                      | 3-50                 |
| ■ Alternative assets    | 5                          | 8.6                       | 5.3                       | 0-15                 |
| <b>Growth assets</b>    | <b>70</b>                  | <b>69.7</b>               | <b>69.9</b>               |                      |
| ■ Property              | 5                          | 5.2                       | 4.9                       | 0-15                 |
| ■ Australian shares     | 32                         | 32.1                      | 33.0                      | 20-45                |
| ■ International shares  | 23                         | 24.8                      | 26.8                      | 12-35                |
| ■ Alternative assets    | 10                         | 7.6                       | 5.2                       | 0-20                 |

## ANNUAL RETURNS<sup>1</sup>

2007: 15.8%    2006: 14.1%    2005: 14.0%

2004: 13.6%    2003: 1.5%    2002: -0.9%

5 year average: 11.7% pa

Returns are for the year ended 30 June and are after investment fees and taxes.

## INVESTMENT FEES 06/07<sup>2</sup>

Actual base fee: 0.49% pa

Actual performance fee: 0.11% pa

Buy/sell spread: Nil

## ESTIMATED FEES 07/08<sup>2</sup>

Estimated base fee: 0.49% pa

Estimated performance fee: 0% to 0.24% pa

<sup>1</sup> Past performance is not a reliable indication of future performance.

<sup>2</sup> It is important to read the information on page 4.

# Sunsuper Growth

## INVESTMENT OBJECTIVES

**Investment in:** A mixture of growth and defensive assets, with a significant emphasis on growth assets.

**Style:** Multi-manager, active.

**Performance objective:** Real returns of 5% pa after investment fees and taxes, aiming to outperform returns on shares in the long-term.

**Expected outcome:** Positive returns expected in 4 out of 5 years.

## INVESTMENT MIX



|                         | Benchmark %<br>(pie chart) | Investment<br>mix 30/6/07 | Investment<br>mix 30/6/06 | Allowable<br>range % |
|-------------------------|----------------------------|---------------------------|---------------------------|----------------------|
| <b>Defensive assets</b> | <b>10</b>                  | <b>14.4</b>               | <b>9.7</b>                |                      |
| Cash                    | 1                          | 2.9                       | 1.0                       | 0-20                 |
| Fixed interest          | 9                          | 5.2                       | 7.1                       | 0-25                 |
| Alternative assets      | 0                          | 6.3                       | 1.6                       | 0-25                 |
| <b>Growth assets</b>    | <b>90</b>                  | <b>85.6</b>               | <b>90.3</b>               |                      |
| Property                | 8                          | 6.3                       | 8.1                       | 0-25                 |
| Australian shares       | 40                         | 39.7                      | 41.7                      | 0-50                 |
| International shares    | 27                         | 30.9                      | 31.3                      | 20-100               |
| Alternative assets      | 15                         | 8.7                       | 9.2                       | 0-50                 |

## ANNUAL RETURNS<sup>1</sup>

2007: 18.5%    2006: 18.0%    2005: 13.8%

2004: 16.9%    2003: 0.5%    2002: -3.3%

5 year average: 13.3% pa

Returns are for the year ended 30 June and are after investment fees and taxes.

## INVESTMENT FEES 06/07<sup>2</sup>

Actual base fee: 0.53% pa

Actual performance fee: 0.10% pa

Buy/sell spread: Nil

## ESTIMATED FEES 07/08<sup>2</sup>

Estimated base fee: 0.59% pa

Estimated performance fee: 0% to 0.24% pa

<sup>1</sup> Past performance is not a reliable indication of future performance.

<sup>2</sup> It is important to read the information on page 4.

# Sunsuper All Shares

## INVESTMENT OBJECTIVES

**Investment in:** A mixture of Australian and international shares.

**Style:** Multi-manager, active.

**Performance objective:** Real returns of 5% pa after investment fees and taxes.

**Expected outcome:** Positive returns expected in 3 out of 4 years.

## INVESTMENT MIX



|                         | Benchmark %<br>(pie chart) | Investment<br>mix 30/6/07 | Investment<br>mix 30/6/06 | Allowable<br>range % |
|-------------------------|----------------------------|---------------------------|---------------------------|----------------------|
| <b>Defensive assets</b> | <b>0</b>                   | <b>0.6</b>                | <b>0.0</b>                |                      |
| ■ Cash                  | 0                          | 0.6                       | 0.0                       | 0-20                 |
| ■ Fixed interest        | 0                          | 0.0                       | 0.0                       | 0-20                 |
| <b>Growth assets</b>    | <b>100</b>                 | <b>99.4</b>               | <b>100</b>                |                      |
| ■ Australian shares     | 50                         | 50.2                      | 50.2                      | 25-75                |
| ■ International shares  | 50                         | 49.2                      | 49.8                      | 25-75                |

## ANNUAL RETURNS<sup>1</sup>

2007: 18.6%      2006: 19.5%      2005: 13.6%

2004: 17.0%

Since inception: 13.9% pa (commenced October 2002)

Returns are for the year ended 30 June and are after investment fees and taxes.

## INVESTMENT FEES 06/07<sup>2</sup>

Actual base fee: 0.44% pa

Actual performance fee: 0% pa

Buy/sell spread: Nil

## ESTIMATED FEES 07/08<sup>2</sup>

Estimated base fee: 0.50% pa

Estimated performance fee: 0% to 0.16% pa

<sup>1</sup> Past performance is not a reliable indication of future performance.

<sup>2</sup> It is important to read the information on page 4.

# Investment Managers

| Investment Manager                        | Asset Classes   | Total \$m       |
|---|---|-----------------|
| ABN AMRO                                  | Australian Shares, Private Equity   | 634.3           |
| Access Capital                            | Infrastructure  | 73.8            |
| Acorn Capital                             | Australian Shares   | 123.1           |
| AMP Capital Investors <sup>1</sup>        | Australian Shares, International Shares <sup>2</sup> , Fixed Interest, Capital Guaranteed, Property, Private Equity, Infrastructure | 2,909.2         |
| Arrowstreet                               | Hedge Funds   | 39.6            |
| Balanced Equity Management                | Australian Shares   | 881.9           |
| Bridgewater                               | Fixed Interest, Hedge Funds, Currency Overlay   | 727.7           |
| Carnegie Wylie                            | Private Equity  | 65.8            |
| Colonial First State                      | Property, Hedge Funds, Infrastructure   | 174.1           |
| GMO                                       | International Shares, Hedge Funds, Infrastructure, Tactical Overlay   | 556.3           |
| Goldman Sachs                             | Private Equity  | 56.9            |
| Hastings                                  | Private Equity, Infrastructure  | 154.9           |
| IAG                                       | Australian Shares   | 411.8           |
| Industry Funds Management                 | Private Equity  | 29.1            |
| Invesco                                   | Australian Shares   | 131.6           |
| Jenkins Investment Management             | Australian Shares, Infrastructure   | 440.5           |
| Lazard                                    | International Shares  | 130.0           |
| Makena                                    | International Shares, Cash, Fixed Interest, Property, Hedge Funds, Infrastructure, Private Equity                                   | 605.6           |
| Maple-Brown Abbott                        | Australian Shares   | 722.5           |
| Mellon                                    | Tactical Overlay  | 267.8           |
| MIR                                       | Australian Shares   | 566.6           |
| Morgan Stanley                            | Fixed Interest  | 290.1           |
| Perennial                                 | Property  | 84.4            |
| QIC <sup>1</sup>                          | International Shares, Cash, Property, Rebalancing Overlay   | 740.8           |
| Quest                                     | Australian Shares   | 416.2           |
| State Street Global Advisors <sup>1</sup> | Australian Shares, International Shares, Cash, Fixed Interest, Property   | 331.6           |
| Suncorp                                   | Capital Guaranteed  | 172.4           |
| TCW                                       | Fixed Interest, Private Equity  | 310.3           |
| TGM                                       | Tactical Overlay  | 119.8           |
| Wilshire                                  | Private Equity  | 27.9            |
| Other                                     | Cash, Fixed Interest, Capital Guaranteed, Property, Private Equity, Infrastructure, Currency Overlay                                | 477.9           |
| <b>TOTAL</b>                              |   | <b>12,674.5</b> |

1 These managers also invest in multi-asset class portfolios.

2 Assets managed by Arrowstreet Capital, Baillie Gifford, GMO, Alliance Capital, Bernstein, AXA Rosenberg, Colonial First State, Genesis, Morgan Stanley, Taube Hodson Stonex Partners, Ironbridge, Rothschild and Schroders.

# Professional advisers

The following major professional advisers and consultants were used by the Fund during the year:

|                               |   |
|-------------------------------|---|
| <b>Administrator</b>          | CitiStreet Australia Pty Ltd  |
| <b>Custodian</b>              | National Australia Bank Ltd   |
| <b>Auditor</b>                | Deloitte Touche Tohmatsu  |
| <b>Investment Consultants</b> | Mercer Human Resources Pty Ltd<br>Russell Investment Group Pty Ltd<br>Sovereign Investment Research Pty Ltd |
| <b>Lawyers</b>                | Corrs Chambers Westgarth  |
| <b>Insurer</b>                | Suncorp Life and Superannuation Ltd   |
| <b>Actuaries</b>              | Jan Brewer and Shane Mather<br>(Fellows of the Institute of Actuaries of Australia)                         |

# Reserves

The Trustee maintains a reserve in the Fund for the benefit of Members.

The reserve is maintained to:

- help meet the expenses of running the Fund,
- support the timing differences in respect of actual investment tax and investment fees and the investment tax and investment fees charged to Members, and
- provide reserves for the management of the operating risks of the Fund.

The Trustee does not maintain a reserve for the purpose of smoothing investment earnings. Members' accounts are credited or debited with the actual earnings of their selected investment options.

The reserves are invested in the Sunsuper Balanced option, however, where significant short-term liabilities, such as tax, are known, an amount up to the value of that liability amount may be invested in less volatile investments including cash.

Over the past 5 years, Sunsuper's reserves have been:

| <b>Year ending 30 June</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Reserves \$m               | 124.0       | 104.7       | 105.2       | 72.8        | 55.3        |

The reserve is included in 'Net assets available to pay benefits' as disclosed in the Statement of Financial Position on page 16 of this report.

# The Board

The Trustee of the Sunsuper Superannuation Fund is Sunsuper Pty Ltd (ABN 88 010 720 840), which is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence and holds an Australian Financial Services Licence (AFSL) from the Australian Securities and Investments Commission (ASIC).

The Trustee is responsible for managing the Fund, and ensures it operates in the best interests of all members and continues to comply with all legal requirements.

Sunsuper Pty Ltd has a Board of Directors comprising equal numbers of employer and employee representatives. As at 30 June 2007, the representatives on the Board are:

| <b>Member representatives</b>   | <b>Appointed by</b>       |
|---------------------------------|---------------------------|
| Grace Grace                     | Qld Council of Unions     |
| John Battams <sup>1</sup>       | Qld Council of Unions     |
| Bill Ludwig                     | Australian Workers' Union |
| <b>Employer Representatives</b> | <b>Appointed By</b>       |
| Peter Annand (Chair)            | Commerce Queensland       |
| Graham Drummond <sup>1</sup>    | Commerce Queensland       |
| Graham Heilbronn <sup>1,2</sup> | Commerce Queensland       |

1 Members of the Audit, Compliance and Risk Management Committee as at 30 June 2007.

2 Graham Heilbronn replaced Joe Barnewall on 11 October 2006.

Replacement representatives are appointed by the same employer or union body to ensure there is always equal representation of employees and employers.

The Audit, Compliance and Risk Management Committee of the Board is responsible for reporting to and advising the Board on audit, risk management and compliance issues. The members of the Audit, Compliance and Risk Management Committee are appointed by the Board. All members must be Directors of the Trustee, except for the Audit Committee Financial Expert who can be an external, non-Board member. The current Audit Committee Financial Expert is Marian Micalizzi.

All Board members are members of the Investment Committee.

Sunsuper has developed and implemented a comprehensive risk management program, which focuses on the identification, analysis, evaluation, treatment, monitoring and communication of risks.

# Compliance

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## Sunsuper complies

Sunsuper is a regulated fund under the *Superannuation Industry (Supervision) Act 1993* (SIS), and has been a complying fund since inception in 1987.

Sunsuper was granted an RSE licence by APRA on 21 October 2005.

It is the Trustee's responsibility to ensure that Sunsuper meets its licensing obligations, including compliance with the RSE licensee laws and the maintenance of a risk management strategy. As a result, Sunsuper members benefit from the lower tax rates that apply to complying funds. The Trustee lodges a return each year with APRA indicating the Fund's compliance with relevant legislation, including SIS.

As an Australian Financial Services licensee, Sunsuper must also have arrangements in place to ensure that it complies with its licensee obligations as determined by the Australian Securities and Investment Commission. These obligations relate to conduct and disclosure; the provision of financial services; the competence, knowledge and skills of its responsible officers, as well as their good fame and character; the training and competence of its staff and representatives; and dispute resolution and compensation arrangements. Sunsuper has planned and implemented compliance measures, processes and procedures to ensure it meets the obligations.

## Further information

Further information to help you understand your benefits or entitlements, the main features of the Fund, the management and financial condition of the Fund, the Fund's investment performance or investment strategies, is available by calling us on 13 11 84 or visiting [www.sunsuper.com.au](http://www.sunsuper.com.au).

## Liability insurance

The Trustee has a Trustee Liability Insurance policy that provides appropriate and adequate cover to protect members' interests.

## Superannuation surcharge

This surcharge was abolished from 1 July 2005, however, surcharge amounts may have been advised by the ATO and been deducted from members' accounts during the 2006/2007 year.

Sunsuper as the Trustee is responsible for the collection and the remittance of these amounts to the ATO and will deduct any surcharge payable from your account.

# Compliance (continued)

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## Eligible Rollover Fund

To protect the value of small accounts, Sunsuper may, at its discretion, transfer member accounts to an Eligible Rollover Fund (ERF) where:

- the member's account balance is low, and
- we have not received any contributions on the member's behalf for at least 2 years.

The ERF currently used by Sunsuper can be contacted as follows:

AUSfund,  
Australia's Unclaimed Super Fund  
PO Box 2468  
Kent Town  
SA 5071  
Call: 1300 361 798

If your account balance is transferred to AUSfund:

- You will no longer be a member of Sunsuper Solutions.
- You will become a member of AUSfund and be subject to its governing rules. You should refer to the AUSfund Product Disclosure Statement (PDS) for details of its features. If Sunsuper can provide AUSfund with your contact details, AUSfund will provide you with its own Product Disclosure Statement (PDS) that outlines all the operational details of their fund.
- Investment earnings credited to your account will vary depending on the interest rate declared by the Trustee of AUSfund. You should refer to the AUSfund PDS, website and annual report for details of these investment earnings.
- A different fee structure will apply. AUSfund does not charge entry or exit fees. AUSfund is required to 'member protect', that is administration fees (not including Government fees and investment fees) can not be greater than the return credited in any financial year. Member protection does not apply to some account balances such as those under \$50, as no administration fee is deducted from such accounts and no returns are credited. AUSfund has a different fee structure. AUSfund accounts of \$50 or more attract an administration levy of \$10 per year or part-year. Indirect investment costs are deducted from the gross investment returns before interest rates are declared. You should refer to the AUSfund PDS for details of the fees which may apply.
- AUSfund has one diversified investment strategy and therefore doesn't provide investment choice. Rates of return are not guaranteed and investment returns provided to AUSfund members will be dependent on the performance of the underlying investment markets.
- AUSfund does not offer insured benefits in the event of death or disablement.

You can contact AUSfund directly to claim your benefit or to transfer it to another superannuation fund. You can access the AUSfund PDS at [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)

The trustee of AUSfund is Industry Funds Investments Limited, ABN 17 006 883 227, AFSL 229881.



# Dispute Resolution

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## Superannuation Complaints Tribunal

If you are unhappy with our service or super fund, we offer a complaint resolution process at no cost to you. Contact us to discuss your complaint:

Customer Service Hotline: 13 11 84

Customer Service Fax: 07 3016 7722

Sunsuper Complaints Officer

GPO Box 2924

Brisbane Qld 4001

[www.sunsuper.com.au](http://www.sunsuper.com.au).

We will do everything within our power to resolve the issue as quickly as possible. If you are still not happy or Sunsuper has not responded within 90 days, you can contact the Superannuation Complaints Tribunal (SCT).

This is an independent body set up by the Federal Government to help resolve complaints through conciliation.

They may be contacted by writing to:

The Secretariat

Superannuation Complaints Tribunal

Locked Bag 3060

GPO Melbourne Vic 3001

Phone: 1300 780 808

## Important information you should know about making a complaint to the SCT

The scope of matters that the SCT can deal with is limited by legislation, and it is possible that the SCT cannot deal with the matter. The SCT will advise you if they can deal with a complaint, and if so, what information is required.

The SCT can only deal with complaints where:

- The complainant is a member or former member of Sunsuper, or a person acting on behalf of a member or former member of his/her estate,
- The complaint relates to a Trustee decision or action in respect of a particular member of the fund, not the general management of the fund, and
- The complaint has first been dealt with under Sunsuper's internal complaint resolution procedures.

Access to the SCT is free of charge.

# Financial Statements

The detailed financial statements identify:

- all contributions to the Fund,
- where the Fund's money was invested and how much income it earned,
- expenses the Fund paid,
- the amount of money left in the Fund to pay future benefits, and
- the amount the Fund paid out in benefits.

The Trustee is satisfied that the following abridged financial information derived from the audited Financial Statements of the Fund represents a true and accurate record of changes in the Fund's net assets during the year to 30 June 2007 and the net assets as at 30 June 2007. Audited Financial Statements and the Independent Report by the Fund's auditors are available to members on request.

| <b>STATEMENT OF NET ASSETS<br/>for the year ended 30 June</b> | <b>2007<br/>\$000</b> | <b>2006<br/>\$000</b> |
|---|-----------------------|-----------------------|
| <b>Investments</b>  |                       |                       |
| Cash and cash equivalents                                     | 998,304               | 1,250,918             |
| Fixed interest securities                                     | 1,706,923             | 1,734,908             |
| Australian equities   | 4,345,096             | 2,992,442             |
| International equities  | 3,075,123             | 2,115,634             |
| Property  | 722,802               | 714,185               |
| Alternative assets  | 1,826,273             | 591,448               |
| <b>Total Investments</b>                                      | <b>12,674,521</b>     | <b>9,399,535</b>      |
| <b>Other assets</b>   |                       |                       |
| Cash at bank  | 105,608               | 9,019                 |
| Contributions receivable                                      | 134,056               | 155,312               |
| Other receivables   | 21,685                | 8,564                 |
| Plant and equipment   | 4,421                 | 3,564                 |
| Deferred tax asset  | 4,416                 | 2,313                 |
| <b>Total other assets</b>                                     | <b>270,186</b>        | <b>178,772</b>        |
| <b>Total assets</b>   | <b>12,944,707</b>     | <b>9,578,307</b>      |
| <b>Liabilities</b>  |                       |                       |
| Benefits payable  | 53,313                | 29,582                |
| Other payables  | 16,550                | 357,332               |
| Provision for employee benefits                               | 810                   | 616                   |
| Current tax liabilities                                       | 247,691               | 130,618               |
| Deferred tax liabilities                                      | 191,759               | 127,121               |
| <b>Total liabilities</b>                                      | <b>510,123</b>        | <b>645,269</b>        |
| <b>Net assets available to pay benefits</b>                   | <b>12,434,584</b>     | <b>8,933,038</b>      |

| <b>STATEMENT OF CHANGES IN NET ASSETS<br/>for the year ended 30 June</b> | <b>2007<br/>\$000</b> | <b>2006<br/>\$000</b> |
|--|-----------------------|-----------------------|
| <b>Net assets available to pay benefits at the beginning of the year</b> | <b>8,933,038</b>      | <b>6,499,715</b>      |
| <b>Revenue from ordinary activities</b>                                  |                       |                       |
| <b>Net investment revenue</b>  |                       |                       |
| Interest   | 62,882                | 71,730                |
| Dividends and distributions  | 662,826               | 353,306               |
| Rental and other investment income                                       | 25,456                | 25,526                |
| Changes in net market value of investments                               | 994,523               | 632,103               |
| Less: Direct investment expenses   | (36,593)              | (30,312)              |
| <b>Contribution revenue</b>  |                       |                       |
| Employer contributions   | 1,473,855             | 1,180,134             |
| Members' contribution  | 498,277               | 185,014               |
| Transfers from other funds   | 950,161               | 813,965               |
| <b>Other revenue</b>   |                       |                       |
| Group life insurance rebate  | 1,000                 | 1,000                 |
| Group life insurance proceeds  | 40,919                | 24,584                |
| Other income   | 277                   | 103                   |
| <b>Total revenue from ordinary activities</b>                            | <b>4,673,583</b>      | <b>3,257,153</b>      |
| <b>Expenditure from ordinary activities</b>                              |                       |                       |
| <b>Direct member expenses</b>  |                       |                       |
| Group life insurance premiums  | 69,157                | 50,222                |
| Superannuation contributions surcharge                                   | 6,914                 | 6,422                 |
| Other expenses – member funds  | 8,184                 | 3,696                 |
| <b>Expenses charged to reserves</b>                                      |                       |                       |
| Fund administration expense  | 52,233                | 41,315                |
| Audit fees   | 247                   | 227                   |
| Depreciation expense   | 872                   | 522                   |
| Amortisation expense   | 277                   | 297                   |
| Anti-detriment payments  | 632                   | 551                   |
| Benefits paid/payable  | 704,553               | 493,080               |
| <b>Total expenditure from ordinary activities</b>                        | <b>843,069</b>        | <b>596,332</b>        |
| <b>Total revenue less expenditure before income tax</b>                  | <b>3,830,514</b>      | <b>2,660,821</b>      |
| <b>Income tax expense</b>  | <b>328,968</b>        | <b>227,498</b>        |
| <b>Total revenue less expenditure after income tax</b>                   | <b>3,501,546</b>      | <b>2,433,323</b>      |
| <b>Net assets available to pay benefits at the end of the year</b>       | <b>12,434,584</b>     | <b>8,933,038</b>      |

For 2007, Sunsuper has been recognised as one of Australia's leading superannuation funds by three separate independent rating organisations.



We were also named Industry Fund of the Year in the AFR Smart Investor Blue Ribbon Awards 2006.



You look after your life.  
We'll look after your super.

Sunsuper Pty Ltd  
ABN 88 010 720 840  
AFSL No. 228975  
RSE Licence No. L0000291

Sunsuper Superannuation Fund  
ABN 98 503 137 921  
SPIN SSR 0100 AU  
RSE Registration No. R1000337

### Contacting us is easy:

**Call** 13 11 84 (+61 7 3121 0700  
when overseas) and speak to a  
Member Service Representative

**Web** [www.sunsuper.com.au](http://www.sunsuper.com.au)

**Mail** GPO Box 2924  
Brisbane Qld 4001

**Fax** 07 3016 7722

This document has been prepared on 29 August 2007 and issued by Sunsuper Pty Ltd (ABN 88 010 720 840), Trustee of the Sunsuper Superannuation Fund. While it has been prepared with all reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatement however caused. All forecasts and estimates are based on certain assumptions which may change. If those assumptions change, our forecasts and estimates may also change. This document has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document is general advice and does not take into account any particular person's objectives, financial situation or needs. Because of this, before acting on any advice, you should consider its appropriateness, having regard to your own particular objectives, financial situation and needs.

You should obtain and consider the Product Disclosure Statement (PDS) before making any decision about whether to acquire or continue to hold the product. The PDS is available by contacting a Member Service Representative on 13 11 84.

We are committed to respecting your privacy. Our formal privacy policy sets out how we do this. If you would like a copy of Sunsuper's privacy policy please contact us.