

# MEMBER REPORT 2010

Your industry super fund

JULY 2010



## Best value for members. Now 5 years in a row!

The independent ratings agency SuperRatings has awarded Vision Super their highest Platinum rating for the fifth year running! Platinum rated funds offer "the best value for money"...

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## We have Australia's most flexible pension

Our Allocated Pension account has won Money Magazine's 2010 "Best of the Best awards"...

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## Markets recover

Following two bad years for investment markets, Australian and international share markets did much better in 2009/10...

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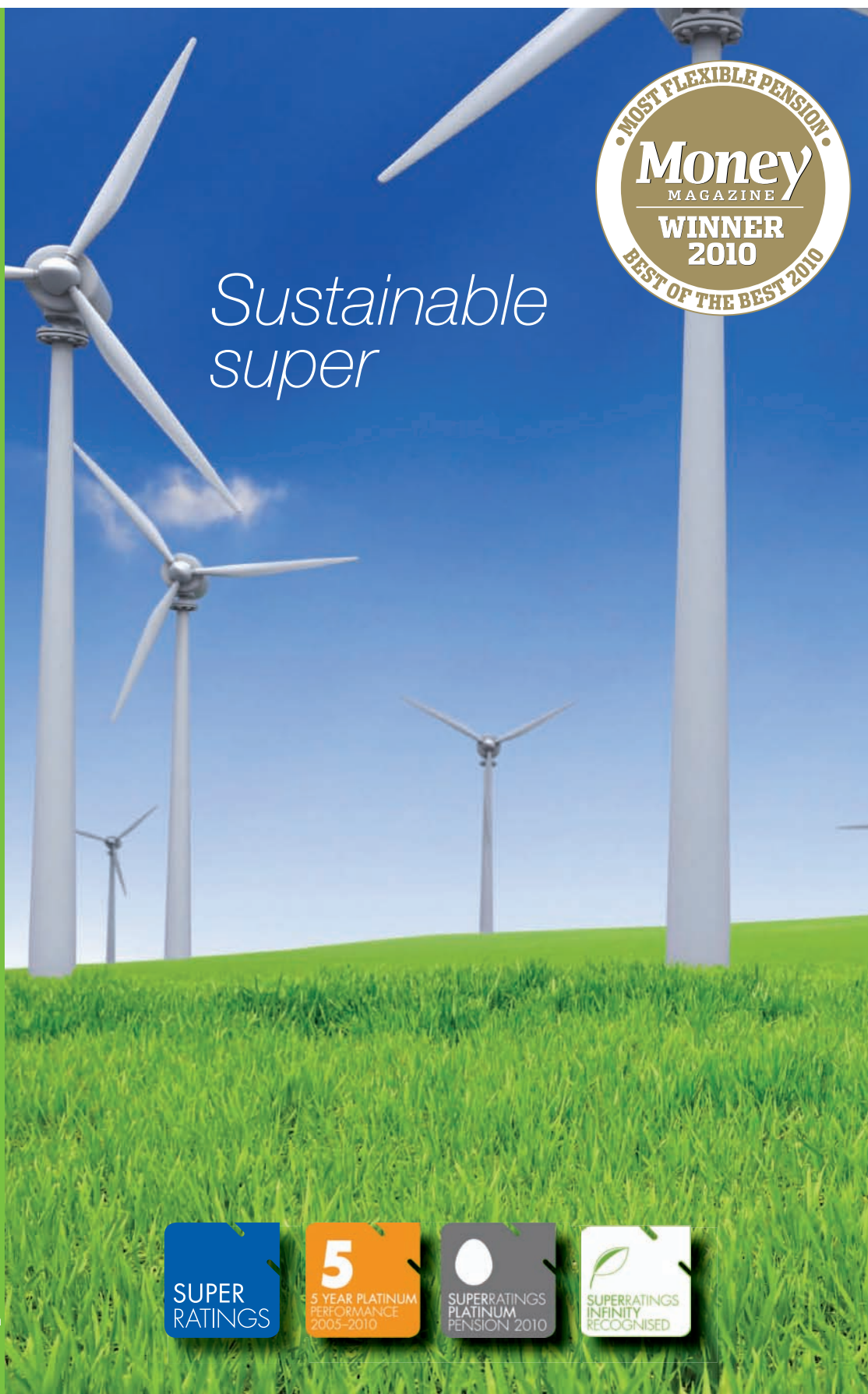
## We're merging!

Vision Super and Equipsuper are two of Victoria's oldest funds, each operating on a profit-for-member basis with a shared commitment to deliver solid, long-term investment returns...

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**VISION SUPER**  
YOUR INDUSTRY SUPER FUND

Vision Super Pty Ltd ABN 50 082 924 561,  
Australian Financial Services Licence 225054, is  
the Trustee of the Local Authorities Superannuation  
Fund ABN 24 496 637 884 and the Vision  
Superannuation Fund ABN 79 327 289 195



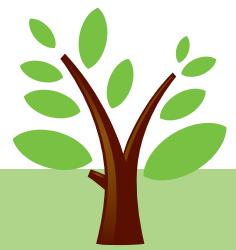
Sustainable  
super



(03) 9911 3222

WWW.VISIONSUPER.COM.AU

# Highlights of the year



## A highly rated super fund 5 years running!



Who wants to pay more than they have to? That's why you'll be glad to hear that SuperRatings has awarded us a Platinum rating not once, but five years running! Platinum is the highest rating for funds offering **"the best value for money"** for members.

The awards below were presented to Vision Super by SuperRatings for the 2009/2010 financial year.



## Vision Super's Allocated Pension awarded Australia's Most Flexible Pension



Our Allocated Pension product offering received Money Magazine's 2010 Best of the Best award for most flexible pension. We recently improved our Allocated Pensions by adding a "Vision SuperVantage" option, allowing members to access their account online and at over 30 million locations and 150 countries worldwide. We were the first Australian industry super fund to offer an Allocated Pension with this option.

With Vision SuperVantage members can also make ATM transactions across any rediATM or NAB machine throughout Australia and unlimited EFTPOS and internet banking usage.

An Allocated Pension with Vision SuperVantage gives members the financial freedom to manage their own money, while keeping their nest egg invested in a tax friendly super environment.

**To find out more about our Allocated Pension with Vision SuperVantage, call our Member Services Team on (03) 9911 3222 (1300 300 820 for regional members).**



**This Vision Super Member Report 2010 and your Vision Super Member Statement with its accompanying investment flyer for the year ended June 2010, make up your Member Report and should be read together.**

## Environmental and social responsibility - the Infinity Award and beyond

We're always trying to reduce the impact our operations have on the environment, trying to keep our carbon footprint as small as possible. That's why it's very satisfying when we hear that someone believes we're doing a good job. Recently Vision Super participated in a SuperRatings survey of 76 super funds and was one of 10 who were awarded the SuperRatings Infinity Rating for demonstrating "a genuine commitment to addressing environmental and social responsibilities".

Vision Super is also a highly ranked signatory of the United Nations Principles of Responsible Investment (UNPRI). In the 2009 annual UNPRI survey, Vision Super ranked above average for the six guiding principles. Three of the six rankings put us in the top quartile against all other UNPRI signatories (please visit our website for details).

Additionally, in The Climate Institute March 2010 Survey, we ranked third overall with a No.1 ranking in terms of active ownership, collaborative initiatives and member engagement. The Climate Institute conducts annual surveys of Australia's largest super funds regarding their climate change capabilities.

We've also recently created a staff team (our "Green Team") to identify areas where we can make improvements in and around our offices. We continue to strive to reduce waste, increase efficiencies and give the environment a helping hand wherever we can.



## Communications feedback and review



We've recently undertaken a complete review of all our communication material, including our websites. As part of this review, we surveyed almost 3,000 members and received some great feedback. Some of our findings revealed that 65% of you would like to receive Super updates from us quarterly; that you were happy with the length of our super newsletter "Visionary"; that "growing your super" and "investments" were two of the hottest topics you'd like to hear more about; and that over 70% would like to receive information by email.

Now that we have your responses, we'll endeavour to implement changes based on your feedback over the coming year to improve our communication and support material. If you would like to provide feedback, you'll find a feedback tab on the left-hand side of the front page of the new public website when it's launched in the coming weeks. This will give you quick access to an online feedback form.

**Whether it's positive or negative, all feedback helps us improve our services, so don't hesitate to keep in touch!**

# Chairman's report

I am pleased to present the Chairman's Report for the 2010 financial year, happily a year in which superannuation funds reported positive returns and investors cautiously grew in confidence as they emerged from the global financial crisis.

As trustees our primary duty is to act in the best interests of members and their beneficiaries. Accordingly, we strive to produce sound investment returns, engage with members in a fair and efficient manner, and to provide a range of personal advisory and education services to help guide members to plan and achieve their retirement goals.



## Investment Performance

Our approach to investing is to focus on longer term outcomes, aiming to strike the right balance between maximising performance and managing risk. This requires a disciplined approach, which at times can be challenging, particularly with the media's focus on short-term performance.

In this regard, we acknowledge that some of our investment options underperformed over the twelve months when compared to other funds. However, over 3 years, during the period of the Global Financial Crisis, every Vision Super investment option ranked in either the first or second quartile. According to the SuperRating's fund crediting rate survey June 2010, we have performed better than the median super fund manager across the board.

## Member engagement

Understandably members find it difficult to keep up to date with the changing rules and regulations affecting superannuation. That's why we put a lot of effort into member engagement. During the year we responded to over 44,000 calls to our Member Services Hotline, delivered 175 member education seminars, 845 "one on one" member worksite meetings, 1,758 financial planning interviews and wrote over 700 financial plans for members. All up we personally engaged with more than 50% of our membership.

As well as engaging with members more than ever before, we've also continued to be rated highly by the independent ratings agency SuperRatings. For the fifth year in a row we have been awarded their highest "platinum" rating. Similarly, we were also pleased to learn that the Vision Super Allocated Pension was the 2010 winner of Money Magazine's "most flexible pension" award.

## Securing our future

During the year, we announced a merger with Equisuper, an important first step in achieving our key strategic objective of positioning Vision Super on a sustainable growth path without compromising our traditional values, members' first philosophy and our long held reputation as a trusted and respected provider and manager of pre and post retirement products and services. Vision Super and Equisuper both operate on a profit-for-member basis and share a proud history of solid investment performance and a members first philosophy.

The superannuation industry faces many challenges in the coming years. In my view Vision Super is well prepared to meet those challenges and to take whatever action is needed to protect and promote members' best interests at all times.

I wish to thank my fellow directors for their support over the year. I would also like to acknowledge the contribution of our staff and our sponsoring employers for their help.

Thank you to our members too, for your continued support and trust.

A handwritten signature in black ink, appearing to read "D. Cochrane".

**Darrell Cochrane**  
Chairman

## Markets recover

### Following two bad years for investment markets, Australian and international share markets did much better in 2009/10.

Despite a weak finish, the 2009/10 financial year will likely be remembered for the co-ordinated and unprecedented fiscal and monetary stimulus by governments and central banks and massive government bail-outs of the banking and automotive industries. This co-ordinated stimulus saved us from the real possibility of a worldwide recession. From the lows of February 2009, markets surged back with one of the strongest rallies on record. There is still a lot of ground to make up, but it's reasonable to expect that over time, markets should return to levels close to those experienced before February 2009. One thing that has been demonstrated time and time again is that over very long time periods, share markets trend upwards.

Run only  
to profit  
members!

## Think about your super the right way

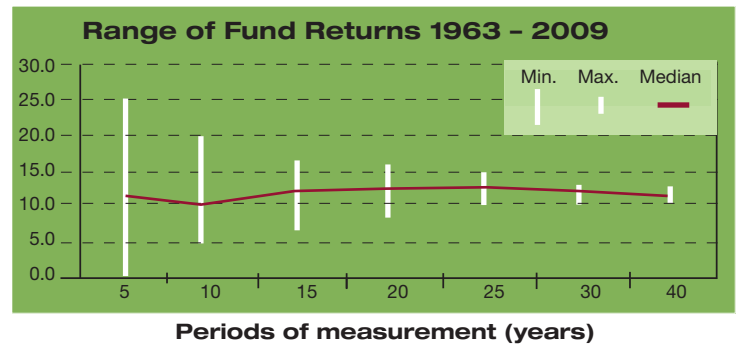
### It's investing in super, not switching between funds, that counts most

Over five years, the range of returns between funds can vary significantly. In the long run the difference in the range of returns gets smaller the longer you go back. After 30 and 40 years, there is very little difference in the returns of individual funds.

You can't predict which fund is going to perform best in the future. Nobody can.

Therefore it's more important to be in super for the longer term than to continuously switch between funds, trying to chase the fund that will have the best return next year.

This table shows the range of returns between the best and worst performing super funds.



Source: Anthony Serhan, "RETURNS: Into the light", "Superfunds September 2009."

## Results from the Cooper 'Super' Review

On 29 May 2009, the Government launched a comprehensive review into the Governance, Efficiency, Structure and Operation of Australia's superannuation system. Nicknamed the 'Cooper Review', it had the over-arching goal of maximising retirement incomes for Australians. The 'Cooper Review' Final Report, issued on 5 July 2010, contained the following super recommendations:

### Commission-free super insurance

**The Cooper Review calls for the removal of commissions on all insurance products through super funds.**

This would have a significant impact on the life insurance sector, with an estimated \$500 million in annual commission revenue at stake, according to The Australian (the average insurance policy builds in a commission equal to 35 per cent of the value of the ongoing premium). It is important to note that Vision Super is run only to profit members. Our insurance and super financial planning do not receive any commissions or bonuses.

### MySuper

**A low-cost default option aimed at disengaged members.**

The Compulsory Super system is built on the principle that super fund members are interested in and engaged with making optimal decisions about their investment strategies and about what to do with their super on reaching retirement. However, for many members, this is not the case. 'MySuper' proposes a single, diversified portfolio of investments. Lower cost and lower risk, it would cater for super fund members who do not wish to exercise choice or individual responsibility for their super.

### SuperStream

**A package of measures aimed at increasing the efficiency of administering super.**

In particular, SuperStream proposes to use the tax file number as the primary form of identification for member transactions.

# Results from the Cooper 'Super' Review

## Estimated benefits for members

Treasury estimates that the MySuper and SuperStream proposals would, in the long-run, see a cut of around 40 per cent in fees for the average member. This would lift their final superannuation balance by around \$40,000 or 7 per cent after 37 years in the work force.

As with all proposed changes, 'MySuper', 'SuperStream' and commission-free super insurance have yet to be made into law.

For more information on how to maximise your super, call us on (03) 9911 3222 or 1300 300 829 for our regional members. You can also visit us at [www.visionsuper.com.au](http://www.visionsuper.com.au)

## So what can I control?

At times it may feel like you don't have much control over your super. However the choices you make can have a large impact on your standard of living in retirement.

**You can control things like:**

- ✓ Whether to make extra contributions into super.
- ✓ Whether to put your super in a fund that is run only to profit members or one that is run to profit shareholders.
- ✓ Whether you want to pay commissions to advisers.
- ✓ Whether to consolidate all your super accounts into a fund with lower fees.

**The less fees you are charged, the more money is invested in your super.**

### We can help!

There's no reason to go it alone.

If you have any questions about your investments or your super generally, please call **9911 3222** (regional callers **1300 300 820**). Our consultants can help you with basic super and investment information and point you in the right direction if you need more detailed financial planning advice. You can also find useful information online at [www.visionsuper.com.au](http://www.visionsuper.com.au)



## How to grow your super account balance

The best way to grow your super is to start saving early and put contributions in regularly. Super is a long-term investment so the earlier you kick start your savings, the easier it will be. Why not try:

### Government Co-contribution

Depending on your salary, for every \$1 you put into your super in after-tax contributions, the Government could put in up to \$1 into your super for you, to a maximum of \$1,000. Do this every year as a smart and easy way to grow your super account balance!

### Salary Sacrifice

Salary sacrifice means giving up a portion of your before-tax wage or salary as an extra contribution into your super on top of the 9% Super Guarantee contributions you receive from your employer. This tax-effective, gradual way of contributing can help grow your super account balance without significantly impacting on your current lifestyle.

### Spouse Contributions

If you are either not working or earning less than \$13,800 a year, your employed spouse can contribute to your super and get up to \$540 tax rebate from the Government. This boosts your super account balance without any additional work from you!

### For self-employed people

If you're self-employed (less than 10 per cent of your income is from working for an employer), you can claim a full tax deduction on any contributions you make to super. You can even claim the Government Co-contribution if you qualify!

For more information, please call our Member Services team on (03) 9911 3222 or 1300 300 820 for regional members.

# Equisuper and Vision Super merger



You may already have heard that we have decided to merge with another Victorian based superannuation fund called **Equisuper**. This is great news for members, with a heap of benefits.

In April, Vision Super's Chairman, Darrell Cochrane, sent a letter to members detailing the changes. If you missed it, we've reprinted Darrell's letter below.



April 2010

Dear Member

I am very pleased to announce that the Directors of Vision Super have agreed a transitional plan to merge with the Equisuper Fund by 1 July 2013. On today's figures, the merged fund would have over \$8 billion of assets under management and a membership of over 150,000.

Vision Super and Equisuper are two of Victoria's oldest funds, each operating for over 60 years. They both operate on a profit-for-member basis and share a long tradition of commitment to delivering solid, long-term investment returns and a focus on member services, communication and education. Equisuper started life as the former SECV superannuation fund and has a strong membership base in the electricity, metropolitan water, and other industries.

The merger is good news for members. It will create a fund with the scale and capacity to grow in an increasingly competitive market place, enhance products and services, reduce costs and improve operational and investment performance.

Once all necessary licensing requirements are met, and as soon as practicable after 30 June 2010, the first step in the merger program will be to pool the investments in a pooled superannuation trust (PST). A new company, Pooled Super Pty Ltd (PSPL), has been established as the intended trustee for the PST. Vision Super's Chief Executive Officer, Rob Brooks and Equisuper's Chief Investment Officer, Michael Strachan, will respectively be appointed CEO and CIO of PSPL. Investment specialists from both funds will manage the combined investments.

Your benefits and entitlements are unaffected by this change. Until the proposed merger is finalised, both funds will continue to offer their current products and services under their existing brands. Leading up to the merger date the funds will work through the broader issues of consolidating their activities.

We will keep you informed of developments.

Yours sincerely

Darrell Cochrane  
Chairman  
Vision Super Pty Ltd

# New public and secure websites soon!

As more and more people go online, having a strong online presence becomes crucial. That's why we've undertaken a complete revamp of both our public and secure websites. You'll see our new public site first in the next couple of months, with a cleaner, more efficient design, that should make finding content easier and offer you more online forms and tools to complete practical tasks faster than ever before.

We're also upgrading our Member and Employer secure sites, again with cleaner and easier to navigate designs and access improvements. Getting online is a great way to manage your super account information and perform everyday changes such as address updates and investment switching.

Keep visiting the current public website at **www.visionsuper.com.au** where we'll release more information the closer we get to the release dates.

# Log in using an Apple Mac

While the majority of members and employers have no trouble accessing the Vision Super secure sites, getting online for some members was not possible if using a browser and operating system that wasn't Internet Explorer and Windows.

We're pleased to announce that it's now easier to access our secure sites than ever before. After a recent upgrade, you can use more operating systems and browser types, including Windows 2000, Windows XP, Windows Vista, Windows 7 and all Apple MAC operating systems, and the following browsers:

- ✓ Internet Explorer version 6 and up
- ✓ Firefox version 3.5 and up
- ✓ Chrome version 4 and up
- ✓ Safari version 4 and up

You'll still be able to use these operating system and browsers when we upgrade to the new secure sites too!



# FACTS Online – free financial tools

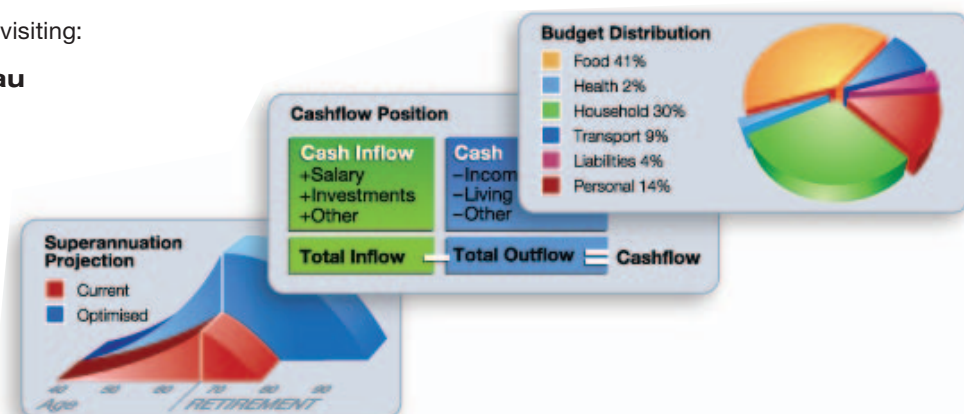
Financial education and budgeting can help you take control of your financial situation and get more out of your super, so we've introduced a new free online tool to help you with both.

**FACTS Online** brings together budgeting, superannuation, tax calculations, insurance and risk profilers into a single location. It enables you to test various financial scenarios and save and update without having to re-enter your details at a later date.

**It's all online, it's easy, and best of all, it's completely free.**

This new service is available by visiting:

**www.visionsuper.com.au**



# Managing your money

## Investment manager reviews

Each investment manager is required to meet with the Investment Committee at least once a year. The purpose is to review the manager's investment and operational performance, mandate compliance and any organisational changes. Where the Committee has any performance concerns the manager is required to meet with the full Board.

## Investment Manager Changes

During the year the Board made a number of changes to the investment manager line-up and varied some investment mandates with existing managers.

### Diversified Bonds

- ✓ Alliance Bernstein - Enhanced Fixed Income Portfolio was terminated and proceeds redirected to the new State Street Global Advisor Passive Fixed Interest Portfolio.
- ✓ Bridgewater Associates Global Bonds mandate was terminated and replaced by State Street Global Advisors Global Passive Fixed Interest Portfolio whilst Bridgewater's allocation to Absolute Return Strategies was increased.

- ✓ Western Asset Management's Global Bonds mandate was changed to an inflation linked bond investment benchmark with the flexibility to invest up to 20% in nominal bonds with tight credit constraints

### Equities

- ✓ Alliance Bernstein Global Equities mandate was terminated and transitioned to the State Street Global Advisors Global Equities Index Plus Strategy Portfolio.
- ✓ Turner Investment Partners Global Equities mandate was varied from Small and Mid Caps to a more diversified Global Growth Strategy.
- ✓ Ibbotson Associates Global Equities mandate was terminated and replaced by Turner Investment Partners Global Growth Fund.

### Derivatives

- ✓ CitiGroup Global Markets was appointed as Futures Overlay manager for equities and diversified bonds asset classes.
- ✓ FX Concepts passive currency mandate was varied to include international private equity and property opportunistic funds.

## Our fund managers – Traditional investments

Growth Investments	30 June 2010		30 June 2009	
	\$million	%	\$million	%
<b>Australian Shares</b>				
GMO Australia Limited – Value Tilt	130.4	3.1%	109.2	3.0%
Ibbotson Associates – High Alpha Trust	121.4	2.9%	76.1	2.1%
Schroder Investment Management Australian Limited – Growth Tilt	151.5	3.6%	121.0	3.3%
Vanguard Sustainability Leaders Australia Share Fund	21.0	0.5%	17.8	0.5%
Macquarie Funds Group – Enhanced Index	417.3	9.9%	309.4	8.4%
Warakirri Asset Management Pty Ltd – Small Companies Fund	80.4	1.9%	66.00	1.8%
CitiGroup Futures Overlay – Australian Equities (New appointment)	0.9	0.1%	-	-
<b>Total Australian Shares</b>	<b>922.9</b>	<b>22.0%</b>	<b>699.5</b>	<b>19.1%</b>
<b>International Shares</b>				
Alliance Bernstein Australia Limited – Global Equity Blend (Manager terminated)	-	-	44.0	1.2%
Baillie Gifford Overseas Ltd. – Long-term Global Growth Equities	108.2	2.6%	47.3	1.3%
Global Currents Asset Management LLC – Value Approach Strategy	87.4	2.1%	60.4	1.6%
Colonial First State – Global Emerging Markets Leaders Fund	73.2	1.7%	57.6	1.6%
Generation Investment Management – Global Equity Strategy	78.9	1.9%	43.8	1.2%
Vanguard Sustainability Leaders International Shares Fund	18.6	0.4%	15.4	0.4%
State Street Global Advisors – Index Plus Strategy	282.7	6.7%	229.7	6.3%
Turner Investment Partners – Global Growth	95.1	2.3%	15.1	0.4%
Ibbotson Associates – High Opportunities Trust (Manager terminated)	-	-	14.9	0.4%
HFA Asset Management – International Shares Fund (Long/Short Unconstrained)	9.9	0.2%	46.1	1.3%
CitiGroup Futures Overlay – International Equities (New appointment)	1.9	0.1%	-	-
<b>Total International Shares</b>	<b>755.9</b>	<b>18.0%</b>	<b>590.1</b>	<b>16.1%</b>
<b>Currency</b>				
FX Concepts Inc. – Active	0.9	0.0%	0.1	-
FX Concepts Inc. – Passive	(3.6)	(0.1%)	7.3	0.2%
Millenium Global Investments Ltd – Active	2.9	0.1%	1.8	0.0%
Millenium Global Investments Ltd – Passive	(5.7)	(0.1%)	-0.7	0.0%
<b>Total Currency</b>	<b>(5.5)</b>	<b>(0.1%)</b>	<b>8.5</b>	<b>0.2%</b>
<b>Property</b>				
AMP Capital Investors – Property Unit	119.8	2.8%	114.4	3.1%
Colonial First State Property – Direct Property Investment Fund (Retail)	24.3	0.6%	24.5	0.7%
Industry Super Property Trust – Core Fund	105.7	2.5%	105.3	2.9%
Eureka Fund Management – Core Property Fund 3	53.5	1.3%	58.1	1.6%
QIC Properties Pty Ltd – Shopping Centre Fund (Retail)	40.3	1.0%	36.5	1.0%
<b>Total Property</b>	<b>343.6</b>	<b>8.2%</b>	<b>338.8</b>	<b>9.3%</b>
<b>Defensive Investments</b>				
<b>Cash</b>				
Internal Management (Vision Super)	526.6	12.5%	603.7	16.4%
<b>Total Cash</b>	<b>526.6</b>	<b>12.5%</b>	<b>603.7</b>	<b>16.4%</b>
<b>Diversified Bonds</b>				
Alliance Bernstein Australia Ltd – Domestic Fixed Income (Manager terminated)	0.7	0.0%	63.3	1.7%
Hastings Funds Management Limited – Yield Fund	106.8	2.5%	116.7	3.2%
Members Equity Portfolio Management Limited – Super Loans Trust	11.1	0.4%	10.7	0.3%
Bridgewater Associates Inc. – Global Bond Fund (Manager terminated)	-	-	62.6	1.7%
Western Asset Management Company - Diversified Fixed Income	103.7	2.5%	77.4	2.1%
State Street Global Advisors – Australian Fixed interest – Passive (New appointment)	104.6	2.5%	-	-
State Street Global Advisors – Global Fixed interest – Passive (New appointment)	103.7	2.5%	-	-
<b>Total Fixed Interest</b>	<b>429.9</b>	<b>10.4%</b>	<b>330.7</b>	<b>9.0%</b>
<b>Total Traditional Investments</b>	<b>2,973.4</b>	<b>71%</b>	<b>\$2,571.3</b>	<b>70.1%</b>



# Investment Strategy



## Overview

**Vision Super offers a range of Premixed and Single Sector Member Investment Choice Options.** The investment objectives and risks for each option vary according to the asset class mix which makes up the option. The objectives are reviewed annually and involve careful consideration of past and expected future risks and returns.

A key strategic objective is to ensure that each Investment Choice Option is invested in line with its target asset allocation. At times this can be difficult. Financial markets go up and down at different times for different reasons and a fund can quickly get out of balance. Providing we are able to do so, we rebalance our portfolios regularly sometimes by way of redirecting contributions and at other times by reallocating portfolios between managers.

This year, rapid movements in the relative values of liabilities, assets and currency created difficulties in managing to strategic policy settings. As a consequence, at various times during the year we were underweight some asset classes and overweight others, particularly in the Balanced Growth Investment Option, in which the majority of our members are invested. At different times during the year this worked both for and against performance.

## Derivatives

**We do not use derivative instruments in managing the internal cash portfolio.**

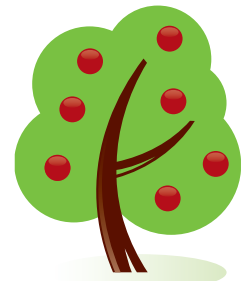
To assist with the efficient implementation of our asset allocation, we use an implementation manager to gain exposure to bonds and equities by the use of derivatives instruments. Derivative exposures are restricted to the use of exchange traded indexed futures and are fully backed by cash holdings. External fund managers of discrete mandates are authorised to use derivative instruments for the efficient management of their portfolios under agreed guidelines. These guidelines allow fund managers to use derivatives to control risk and reduce or increase exposure to investment markets. Fund managers are not authorised to use derivative instruments for the purposes of leveraging the portfolio or for speculation.

Vision Super has invested in a number of pooled investment funds. As part of their active investment strategies, these pooled investment funds use derivative instruments that may from time to time leverage their portfolios. Vision Super does not have additional liability associated with these pooled funds beyond the amount invested.

## Our fund managers - Alternative investments

	30 June 2010		30 June 2009	
	\$million	%	\$million	%
<b>Infrastructure</b>				
IFM Australian & International Infrastructure	395.8	9.4%	353.5	9.6%
Hastings Funds Management Limited – Utility Trust of Australia	72.4	1.7%	66.0	1.8%
Regional Infrastructure Fund	10.0	0.2%	9.0	0.2%
<b>Total Infrastructure</b>	<b>478.2</b>	<b>11.3%</b>	<b>428.5</b>	<b>11.6</b>
<b>Private Equity</b>				
IFM Australian Private Equity Funds II & III	37.9	0.9%	35.1	1.0%
Allegro Private Equity – Fund I	7.5	0.2%	2.5	0.1%
IFBT – Industry Fund Banking Trust	20.0	0.5%	15.0	0.4%
ING Investment Management – Private Capital Fund No.1	6.5	0.2%	7.1	0.2%
Quay Partners Pty Ltd – Australia 2, 3 & 4 Funds	41.1	1.0%	32.5	0.9%
Macquarie Alternative Investment Fund IV & V	41.5	1.0%	30.5	0.8%
IFM International Private Equity Fund I, II & III	64.7	1.5%	62.0	1.7%
Greenspring Global Partners III & IV, L.P.	24.8	0.6%	19.1	0.5%
Generation Investment Management – Climate Solutions Fund	13.3	0.3%	7.9	0.2%
LGT Capital Partners AG – Crown European Private Equity PLC	22.7	0.5%	19.0	0.5%
Fortis Investment Mgmt Aust. Ltd – Mid Europa Emerging Europe Conv. Fund II, L.P	35.3	0.8%	38.0	1.0%
Private Equity Trust ( <i>Adveq Europe Partners III, L.P., Lexington Capital Partners VI-B &amp; Mesirow Financial Private Equity III, L.P.</i> )	99.8	2.4%	83.5	2.3%
Vencap 12 Limited	15.3	0.3%	8.4	0.2%
Hawkesbridge Private Equity Pty Ltd and Fund 3	15.0	0.4%	13.7	0.3%
FX Concept Inc. – Private Equity Europe Hedge	(0.0)	0.0%	1.4	0.0%
FX Concept Inc. – Private Equity USD Hedge	(2.2)	(0.1%)	6.9	0.2%
<b>Total Private Equity</b>	<b>443.2</b>	<b>10.5%</b>	<b>382.6</b>	<b>10.3%</b>
<b>Property Opportunistic</b>				
APN Funds Management Ltd – Development Fund No.1	9.3	0.2%	8.1	0.2%
Colonial First State Property – Opportunistic Partnership No. 1	0.2	0.0%	0.3	0.0%
Eureka Funds Management – Property Funds No.1 & 2	14.6	0.3%	13.4	0.4%
Macquarie Wanda Real Estate Fund	27.5	0.7%	27.1	0.7%
Private Equity Trust – Property Opportunistic ( <i>Macquarie Global Property Advisors Asia &amp; Europe Funds II &amp; III</i> )	61.7	1.5%	58.0	1.6%
Warakirri Asset Management Pty Ltd – Dairy Farm Trust	11.0	0.3%	10.1	0.3%
Warakirri Asset Management Pty Ltd – Dairy Land Trust	37.3	0.9%	39.0	1.1%
Investa – Enhanced Fund	21.9	0.5%	24.4	0.7%
Gresham Partners Limited – Property Mezzanine Funds No. 2 & 3	18.2	0.4%	17.0	0.5%
FX Concepts Inc. – Property Opportunistic Europe Hedge	(0.0)	0.0%	0.5	-
FX Concepts Inc. – Property Opportunistic USD Hedge	0.2	0.0%	2.8	0.1%
<b>Total Property Opportunistic</b>	<b>201.9</b>	<b>4.8%</b>	<b>200.7</b>	<b>5.6%</b>
<b>Absolute Return Strategies</b>				
Bridgewater Associates Inc. – Pure Alpha Fund	63.6	1.5%	30.1	0.8%
BlackRock Alternative Advisors – QBLK ARS III	37.4	0.9%	60.8	1.7%
<b>Total Absolute Return Strategies</b>	<b>10.1</b>	<b>2.4%</b>	<b>90.9</b>	<b>2.5%</b>
<b>Total Alternative Investments</b>	<b>1224.3</b>	<b>29%</b>	<b>1,102.7</b>	<b>29.9%</b>
<b>Total</b>	<b>41,977.7</b>	<b>100%</b>	<b>3,674.0</b>	<b>100%</b>

# Your investment choices



Tables show the asset allocations of Vision Super's Premixed and Single Sector investment options at 30 June 2010.

## Trustee Premixed options

## Single Sector options

**Conservative** ✔ Sustainable option available

Performance objectives	Super*	Outperform CPI by 2% p.a. for super (3% p.a. for pensions) over 2/3 of all rolling 3 year periods (after fees and taxes).	Probability of a negative return	1 year in 25 (4%)
	Pensions**			

**Cash** ✘ Sustainable option

Performance objectives	Super*	Outperform CPI over 2/3 of all rolling 3 year periods (after fees and taxes).	Probability of a negative return	Very low
	Pensions**			

**Balanced** ✔ Sustainable option available

Performance objectives	Super*	Outperform CPI by 3.5% p.a. for super (4.5% p.a. for pensions) over 2/3 of all rolling 3 year periods (after fees and taxes).	Probability of a negative return	1 year in 10 (10%)
	Pensions**			

**Diversified Bonds** ✘ Sustainable option

Performance objectives	Super*	Outperform CPI by 2% p.a. for super (3% p.a. for pensions) over 2/3 of all rolling 3 year periods (after fees and taxes).	Probability of a negative return	1 year in 25 (4%)
	Pensions**			

**Balanced Growth** ✔ Sustainable option available

Performance objectives	Super*	Outperform CPI by 4% p.a. for super (5% for pensions) over 2/3 of all rolling 3 year periods (after fees and taxes).	Probability of a negative return	1 year in 9 (11%)
	Pensions**			

**Alternative Assets** ✘ Sustainable option

Performance objectives	Super*	Outperform CPI by 3% p.a. for super (4% p.a. for pensions) over 2/3 of all rolling 5 year periods (after fees and taxes).	Probability of a negative return	1 year in 15 (6%)
	Pensions**			

**Property** ✘ Sustainable option

Performance objectives	Super*	Outperform CPI by 3% p.a. for super (4% p.a. for pensions) over 2/3 of all rolling 5 year periods (after fees and taxes).	Probability of a negative return	1 year in 5 (20%)
	Pensions**			

**Growth** ✔ Sustainable option available

Performance objectives	Super*	Outperform CPI by 4% p.a. for super (5% for pensions) over 2/3 of all rolling 5 year periods (after fees and taxes).	Probability of a negative return	1 year in 6 (17%)
	Pensions**			

**International Equities** ✘ Sustainable option

Performance objectives	Super*	Outperform CPI by 4.5% p.a. for super (5% p.a. for pensions) over 2/3 of all rolling 10 year periods (after fees and taxes).	Probability of a negative return	1 year in 4 (25%)
	Pensions**			

**Australian Equities** ✘ Sustainable option

Performance objectives	Super*	Outperform CPI by 4.5% p.a. for super (5% p.a. for pensions) over 2/3 of all rolling 10 year periods (after fees and taxes).	Probability of a negative return	1 year in 4 (25%)
	Pensions**			

**Just shares** ✔ Sustainable option available

Performance objectives	Super*	Outperform CPI by 4.5% p.a. for super (5% for pensions) over 2/3 of all rolling 10 year periods (after fees and taxes).	Probability of a negative return	1 year in 4 (25%)
	Pensions**			

\* The earnings of super products are taxed.  
 \*\* The earnings of pension products are untaxed.

**Understanding the tables and pie charts**

- Probability of a negative return allows members to select an option with a level of risk (sometimes called volatility) they are comfortable with. Figures in the table are indications of long-term expectations. Investment markets go up and down and it is possible for negative returns to occur more frequently than shown.
- Performance objectives are higher for pension than super products because they pay no tax on investment earnings.

**We can help!**  
 If you have any questions about your investment options, or the way we manage our investments, please call **9911 3222** (regional callers **1300 300 820**). You can also find information at [www.visionsuper.com.au](http://www.visionsuper.com.au). Just click on **Investments**.

# Financial facts

## Three sets of financial reports

Below is a summary of our unaudited financial statements. There are three sets of financial reports. One is for the Local Authorities Superannuation Fund, one for the Vision Superannuation Fund and one combined report. The full audited financial statements will be published on our website, or will be available on request, from October 2010. To download them go to [www.visionsuper.com.au](http://www.visionsuper.com.au) and click **About Vision**, then **Financial Statements**.

### Financial Report – Combined

Incorporating Local Authorities Super Fund and Vision Superannuation Fund.

Net Assets as at 30 June	2010 \$000	2009 \$000
Assets	4,179,233	3,779,239
Other receivables	2,234	2,578
<b>Total Assets</b>	<b>4,181,467</b>	<b>3,781,817</b>
<i>Less Liabilities</i>	47,197	53,167
<b>Net assets</b>	<b>4,134,270</b>	<b>3,728,650</b>

Changes in Net Assets for year ended 30 June	2010 \$000	2009 \$000
Net Assets at beginning of the year	3,728,650	4,090,549
Investment revenue (less)	262,820	(494,410)
Contributions by employers	278,545	270,939
Contributions by members	133,395	125,411
Other revenue	1,599	2,698
<b>Total</b>	<b>676,359</b>	<b>(95,362)</b>
<i>Outgoings</i>		
Benefit payments	208,175	209,435
Administration Expenses	17,625	15,788
Other expenses	44,939	41,314
<b>Total</b>	<b>270,739</b>	<b>266,537</b>
Net Assets at end of year	4,134,270	3,728,650

### Financial Report – Local Authorities Superannuation Fund

Generally incorporating Defined Benefit, Super Saver and Partner Plan plus Personal Plans and Pensions established before 1 February 2007.

Net Assets as at 30 June	2010 \$000	2009 \$000
Assets		
Investments	3,899,816	3,579,995
Other Assets	2,221	2,568
<b>Total</b>	<b>3,902,037</b>	<b>3,582,563</b>
<i>Less Liabilities</i>		
Income Tax payable	39,171	36,949
Provision for deferred tax	8	8
Other liabilities	7,531	15,686
<b>Total</b>	<b>46,710</b>	<b>52,643</b>
<b>Net Assets</b>	<b>3,855,327</b>	<b>3,529,920</b>

Changes in Net Assets for year ended 30 June	2010 \$000	2009 \$000
Net Assets at beginning of the year	3,529,920	3,950,682
<i>Income</i>		
Investment revenue (loss)	245,746	(478,865)
Contributions by employers	277,286	269,766
Contributions by members	116,324	109,009
Other revenue	1,576	2,666
<b>Total</b>	<b>640,932</b>	<b>(97,424)</b>
<i>Outgoings</i>		
Benefit payments	253,722	266,825
Administration expenses	16,960	15,316
Insurance premiums	6,062	5,264
Other expenses	2	26
Income tax	38,779	35,907
<b>Total</b>	<b>315,525</b>	<b>323,338</b>
Net Assets at end of the year	3,855,327	3,529,920

### Financial Report – Vision Superannuation Fund

Incorporating Vision Personal Plan and Vision Income Stream plans (pensions) from 1 February 2007.

Net Assets as at 30 June	2010 \$000	2009 \$000
Assets	279,417	199,244
Other receivables	13	9
<b>Total</b>	<b>279,430</b>	<b>199,253</b>
<i>Less Liabilities</i>		
Income Tax payable	96	79
Other liabilities	391	445
<b>Total</b>	<b>487</b>	<b>524</b>

Changes in Net Assets for year ended 30 June	2010 \$000	2009 \$000
Net Assets at beginning of the year	198,730	139,867
<i>Income</i>		
Investment revenue (loss)	17,074	(15,545)
Contributions by employers	1,259	1,173
Contributions by members	96,882	98,668
Other revenue	24	33
<b>Total</b>	<b>115,239</b>	<b>84,329</b>
<i>Outgoings</i>		
Benefit payments	34,265	24,877
Administration fees	665	472
Income tax	96	117
<b>Total</b>	<b>35,026</b>	<b>25,466</b>
Net Assets at end of the year	278,943	198,730

# Managing your fund

**Commonwealth superannuation law generally requires that fund trustees have equal representation of employer and member representatives.**




Vision Super Pty Ltd is the Trustee and Administrator of the Local Authorities Superannuation Fund and the Vision Superannuation Fund. Vision Super has eight directors, four appointed on the nomination of the ASU, and four appointed on the nomination of the following employer associations:

- Municipal Association of Victoria (MAV) – two directors
- Victorian Water Industry Association (VWIA) – one director
- Victorian Employers' Chamber of Commerce and Industry (VECCI) – one director

Each director has an alternate director appointed in the same manner. The term of appointment for directors and alternates is four years. The directors and their alternates as at 30 June 2010, are detailed in the table below.

## Fund Administration

Chief Executive Officer:	Rob Brooks
Company Secretary:	Paul Curtin
External auditor:	Ernst & Young
Internal auditor:	PWC
Master Custodian:	NAB Asset Servicing

Director	Alternate Director	Method of appointment	Appointed
 Michael Tilley	Steve Bird	Nominated by VWIA	1998
 Russell Atwood	Brian Parkinson	Nominated by ASU	2009
 Darrell Cochrane	Brian Parkinson	Nominated by ASU	1993
 Tony Tuohy	Bill Watton	Nominated by ASU	1995
 Geoff Lake	Alison Lyon	Nominated by MAV	2009
 Angela Emslie	Leigh Harder	Nominated by VECCI	1998
 Wendy Phillips	Bill Watton	Nominated by ASU	1998
 Rob Spence	Alison Lyon	Nominated by MAV	2003

## Principal advisors

Actuarial:	Russell Employee Benefits
Investments:	Frontier Investment Consulting
Property:	J G Service
Private Equity:	Sovereign Investment Research
Lawyers:	Freehills; Phillips Fox; Rigby Cooke
Tax:	KPMG

## Committees of the Board

**The Board establishes a number of Committees comprising Vision Super directors to deal with issues, and where applicable, to make recommendations to the Board.**

### Audit, Risk and Compliance Committee

*(Independent Chair – John Warburton)*

Reviews and makes recommendations to the Board on internal controls, corporate governance issues, statutory reporting and general audit performance.

### Benefits Committee

*(Chair – Angela Emslie)*

Assesses applications for death and disability benefits and makes recommendations to the Board on policies affecting benefits.

### Investment Committee

*(Chair – Tony Tuohy)*

Analyses, reviews and makes recommendations to the Board on investment strategy, performance and manager selection.

## Insurance

Vision Super Pty Ltd has taken out a policy of trustee indemnity insurance.

## Superannuation surcharge

The Government Superannuation Surcharge Tax is a tax which applied to higher income earners prior to 1 July 2005. If the Trustee paid a surcharge on your behalf during the year it will appear on your Member Statement. The liability for any surcharge paid is borne by the affected members against their respective benefits.

## Insurance Reserve

While we have maintained an insurance reserve for some members of the Local Authorities Superannuation Fund, effective from 1 July 2010, all Death and Disability (other than the cover provided by the Defined Benefits Plans) has been outsourced to CommInsure. This means that the existing Death and Disability reserves will be used only to meet the cost of claims that existed or arise from illnesses or injuries prior to the transfer of cover to CommInsure. The balance of the insurance reserve as at 30 June 2010 was \$6,617,902, (\$4,450,006 in 2009 and \$5,883,000 in 2008).

## Our contact details

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<b>email:</b>	memberservices@visionsuper.com.au

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