



Annual Trustee Report to Members

30 June 2013

In this report:

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- > AvSuper's Top 3 investment performance

A man in a white t-shirt and shorts is sitting on a wooden pier, looking out at the ocean. In the sky above, an airplane is flying towards the left. The sky is filled with dramatic, dark clouds, and the sun is low on the horizon, creating a bright glow. The water is dark blue.

Learn about investments
to watch your super take off!



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We were one of the first
10 super funds in the
country to get our
MySuper licence!

AvSuper offers MySuper!

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DISCLAIMER: The contents of this document have been prepared for general advice without taking into account your objectives, financial situation or needs. Therefore you should consider the appropriateness of the advice in light of your own objectives, financial situation or needs before acting on the advice. A Product Disclosure Statement on any financial product mentioned in this document should also be obtained and read prior to proceeding with an investment decision. Although every effort has been made to verify the accuracy of the information contained in this document, AvSuper, its officers, representatives, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from the information contained in this document or any loss or damage suffered by any person directly or indirectly through relying on this information.

Your super fund – AvSuper



For over 22 years, AvSuper has been providing outstanding service to members many of whom have been with us from the day we started. You can count on us to continue to be an organisation that is strongly member focussed, and works hard to deliver consistent long term investment performance and low fees.

AvSuper doesn't pay commissions to financial advisers and is run only to profit members.

Across Australia, AvSuper members include skilled specialists such as air traffic controllers, aviation rescue and fire fighters, engineers, technical officers, pilots and aviation safety specialists, along with associated management, technical and administration staff and their families. We also provide membership to many Australian Public Service employees, especially in the Canberra area.

An increasing number of people from other industries have also chosen AvSuper to care for their super, as well as family members of current AvSuper members.

Member Online

Remember – you can easily check your balance and super contributions paid to your AvSuper account using Member Online, available via our website. You can also switch investment options or update your details.

AvSuper provides our 6,000 plus members (and their \$1.5 billion of retirement savings) with the best of all worlds by delivering quality superannuation products and highly personalised service to individual members. Our unique structure combines the best of corporate, industry and retail super funds.

With the same low fees and membership structure as accumulation members, AvSuper's retirement income stream options are simple, cost-effective solutions for maintaining your money as you move from work to leisure in retirement.



Report by our Chairman

Do you love it when your football team finishes up the top of the ladder? It's even better if your team tops the list, even though they aren't the biggest club in the competition. And if they do it year after year.....

....well, that's what AvSuper has done for our members with an 18.4% return in the Growth Option for the 2012-3 year.

This puts AvSuper in the top three of ALL funds in the Selecting Super tables. And also places us close to the top 10 of all funds for the past 3 years with an average return of 9%!

Moving away from the football analogies, these **returns represent real financial returns to our members by creating more dollars for their retirement.** Our annual statements mean members can see for themselves how much better off they are, by being part of the AvSuper team.

Yet these excellent returns are not luck or chance. Yes, markets have rebounded considerably from the lows of the GFC, and many funds will be reporting double digit returns for this past year.

It's just that "little extra" you get from AvSuper. Everyone in our team, the Directors, our management, our staff, our consultants and the investment managers we employ, they all do that

"little extra" to produce the results you see today.

It's the "little bit extra" you will experience if you call our staff. No-one does it as well as we do.

Recently, many legislative changes have made the task of running a super fund even more difficult than it has ever been. Yet, AvSuper was the first Fund to obtain a MySuper licence in the NSW/ACT region. We did this with only a staff of 8!

No other Fund runs a more efficient, friendly, yet high performance operation as AvSuper!

I have been extremely privileged to be Chairman of AvSuper since the beginning of this year. I am proud of our Team, and I am proud of the support that you, our members, provide to us.

We cannot guarantee such outstanding results year after year, given the ups and downs of the investment universe. But we can guarantee to provide to all our members the same level of personalised service and commitment that you have always received from our team and your Fund.

Report by our CEO

Welcome to AvSuper's Annual Trustee Report to Members for 2013. In this year's report we provide you with an overview of our investment performance for the year, and an update on the raft of legislation we've been working to implement arising from the Federal Government's Stronger Super reforms. This includes the renaming of our default Growth investment option to now be the **Growth (MySuper) option** to meet new requirements for default investment options.

I'm also delighted to report that **George Fishlock** was unanimously appointed Chairman of the AvSuper Board in early 2013. Many AvSuper members, particularly our Air Traffic Controller members, will know George personally. For more than 15 years, George has represented members on the AvSuper Board and various Board committees including the Investment Committee. We are sure he will continue to make a valuable contribution as a member advocate across all aspects of the Fund in his new role as Chairman.

Throughout the year we've also been working hard on various other improvements to the Fund, particularly in response to member feedback from our annual satisfaction survey (see pages 6-7 for details). We've been particularly pleased with the interest and take-up in our retirement income stream (pension) product and the enhanced personal advice services we launched last year.

Finally, I urge you to read this report and your member statement carefully and make yourself aware of the products and services (**especially our financial planning services**) we provide to members - whether you are still building your super savings, or thinking about your retirement options. All too often we see members after they have paid thousands of dollars to an external financial adviser for a service AvSuper provides **at no additional cost to your membership!**

If you need advice regarding your super, or are starting to think about your retirement, simply contact our office to make an appointment with one of our Member Advice Consultants to help you get started.

George Fishlock & Michelle Griffiths



AvSuper news

Top performer!

AvSuper ranked third (out of 84 super funds) in the Selecting Super benchmarking super performance report dated 30 June 2013 for our Growth option. SuperRatings has also re-awarded AvSuper outstanding ratings from for both our super and income stream accounts. Our gold ratings represent us as a good value for money fund with strong investment performance.



Upcoming changes

Some significant changes are ahead for AvSuper, largely due to the Stronger Super reforms explained on page 24. The significant event notice included with member statements and on our website cover some of these changes in more detail.

Income stream advice module

Last year, we launched our income stream advice and we're very pleased with how

well it is going. We've been able to help members manage their income stream as well as advise members deciding on how to approach their retirement. More recently, we have introduced a quarterly bulletin dedicated to our income stream members.

Executive Education Scholarship

Amy Ward, AvSuper's Governance Manager, was awarded the 2012 FEAL Executive Education Scholarship at one of the world's leading business schools. The scholarship was open only to successful superannuation executives with an undergraduate degree and at least eight years experience and forms part of a Master's degree in organisational leadership.

Congratulations

to AvSuper's Amy Ward and her family on the safe arrival of her second daughter!

AvSuper income protection



Income protection insurance gives you time to recover from a temporary disablement without the financial stress of needing to return to work. As an AvSuper member you can insure up to 75% of your salary plus a further 10% to continue super contributions while you can't work.

All members under 65 years and working at least 15 hours a week can apply for income protection cover – including heavy blue collar workers such as fire fighters. Members over 60 can only apply for short term cover.

Visit our website for information or get help with how much cover you need through AvSuper Calculator or our Member Advice Solution.



AvSuper insurance – improvements coming soon!

AvSuper
insurance
now includes
disability cover
for pilots!

From 1 November 2013, AvSuper insurance will offer even more to our members.

- Our premiums will be remaining constant against a backdrop of premium increases elsewhere in the super industry
- Voluntary cover levels are increasing – that is, more cover for the same premium!

Keep an eye on your inbox and our website in the coming weeks for all the details. And of course, our **Member Advice Solution** is available if you need help deciding how much cover is enough for you and your family.



What you told us about AvSuper...

Member satisfaction survey 2012

Each year we ask a group of members who've had recent contact with AvSuper to rate our performance and provide feedback on what we can do to improve our performance and your experience as a member. The feedback we receive is a useful barometer for us and helps keep us informed about the issues that are important to you and the standard of service you continue to expect. Once again we received a diverse range of responses from the survey of members in late 2012, which we've summarised for you here.

It was no surprise to us that our latest results (as well as for the other super funds in the peer group benchmark) weren't as positive as the prior year – we recognise that investment market volatility and previous poor investment performance for all super funds still weighs heavily on

the minds of many members and caused many to reduce their overall satisfaction levels. And while investment management and performance continues to be the main focus for the Trustee, we were also very pleased to see very good feedback – and some valuable constructive criticism – in other areas of the Fund, recognising the range of personalised services and assistance we've been able to provide to many members in the last year.

Importantly, as an AvSuper member, you don't need to wait to be asked to tell us what you think of our service and performance – we welcome your feedback and comments at any time. It's your super savings and your super fund – so if you've got something to say, please call or write and tell us what you think we are doing well, or need to improve!

You said ...



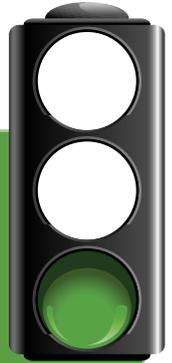
We have knowledgeable customer service people



We provide the information you require in a clear and concise form



We deal with retirement issues and retirees particularly well



You said ...



We're not doing enough for members under age 55



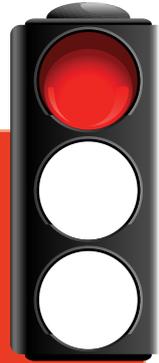
We handle phone enquiries well but need to act more quickly and efficiently in dealing with requests for further information to be sent out



You said ...



We need to provide improved investment returns



 *AvSuper's Response*

We would like to thank those members who participated in the satisfaction survey for their time and comments. We'll continue to work through the detail of the responses and identify ways to respond to all of the feedback in the coming weeks and months and keep you informed via our bulletins and on our website of any changes and improvements we make in response.

One of the things that make AvSuper different from other super funds is our internal Member Services team. When you contact AvSuper, you can count on your call being answered by experienced and qualified superannuation professionals, employed directly by the Trustee – not an outsourced contact centre.



Investment overview for 2012-13

Investment Option	2012-13 returns [^]	Industry Benchmark return*	Rolling returns	Rolling years	Investment Objective (CPI +)
Growth	18.4%	17.9%	3.6	5	4.5
Stable Growth	12.2%	8.4%	7.9	4	2.5
High Growth	24.7%	24.4%	3.6	7	5.5
Cash	3.2%	2.8%	4.1	3	1.0
Conservative Growth	9.0%	8.4%	7.2	3	1.5
Australian Shares #	26.4%	20.5%	N/A	7	6.0
International Shares #	25.8%	24.4%	N/A	7	6.0

[^] Returns are net of fees and taxes * Selecting Super 2012-13 Benchmark Index # Long term data is unavailable for our newer options

AvSuper's Investment Performance ...

Despite the strong returns that most asset classes produced for the 2012-13 financial years, navigating investment markets in these volatile and uncertain times remains as challenging as ever. Over the past 12 months, risk markets have rallied strongly, with the primary driver of recent strong returns being equity markets. Both global and Australian equities delivered excellent performance over the year for AvSuper, however pleasingly, all of our asset classes posted positive numbers to close the financial year.

Asset Class Results...

AvSuper's Australian equities portfolio (26.2%) exceeded the broader market return (21.9%), led largely by our large cap industrials exposure.

Our International equities similarly outperformed (30.6% relative to broader market returns of 28.4%), with developed markets, particularly the US, UK and Germany all posting good results in absolute terms. Even countries marred by a poor macro outlook (Greece, Portugal, Spain and Italy) managed to reach positive

territory. By comparison, emerging markets struggled and underperformed their counterparts in developed economies.

10 year Government bond yields for Australia, the Euro, UK and the US all jumped considerably since the end of 2011-12, triggering capital losses in our fixed interest portfolio, particularly in the last quarter of the year. Nevertheless our portfolio closed at a good return of 8.1%, substantially exceeding the benchmark return of 4.6%.

Over the year our unlisted property portfolio returned to modest positive territory (1.2%) and our cash portfolio closed at 3.8% for the year. The Australian dollar fell against all major currencies (except the Yen) throughout the year.

Other standouts were our growth alternatives (20.6% against a benchmark of 8.5%) and defensive alternatives (13.1% against a benchmark of 6.4%) portfolios. AvSuper's infrastructure portfolio also returned 14.9% for the year (against a benchmark of 6.4%).

Looking Ahead...

The US is in recovery, Europe is in recession, Japan is working hard to stimulate growth and China is expected to grow at lower rates than in the past.

Together, developed markets' outlook for economic growth remains muted with the Asia ex-Japan region having the highest expectations. With extraordinarily

low central bank rates and debt costs, investors will continue to be tempted away from low returning bonds and cash into risk and yield assets such as equities, credit, infrastructure and property.

For Australia, falls in commodity prices alongside lower mining capex could potentially weigh down Australia's economy.

The AvSuper Investment Committee continues to actively monitor markets and individual investment managers to ensure the overall portfolio remains prudently and well positioned to capture the benefits without being unduly exposed to significant risks.



Did you know...

AvSuper ranked 3rd for 2012-13 investment performance of default option (compared to 84 super funds by the Selecting Super peer benchmark).

Over the three years to 30 June 2013, **AvSuper had higher than average returns for every investment option** (compared to similar options in other funds) with our International Shares (returning 13.7% and ranking 5th out of 143) and Stable Growth (returning 7.8% and ranking 9th out of 142) options doing particularly well. In fact, five options were ranked in the first quartile of Australian super funds for three year investment performance.



AvSuper Returns

All AvSuper investment returns are shown after allowing for relevant investment fees and taxes.

Accumulation Account Returns to 30 June							Compound Average	
INVESTMENT OPTION	2013	2012	2011	2010	2009	5 yr *	10 yr *	
Growth (default)	18.4%	-1.3%	11.1%	8.1%	-14.9%	3.6%	6.0%	
Stable Growth	12.2%	2.6%	9.2%	7.7%	-6.1%	4.9%	6.0%	
High Growth	24.7%	-1.6%	12.6%	9.0%	-16.2%	4.8%	6.7%	
Conservative Growth	9.0%	4.8%	7.7%	1.5%	N/A	6.5%	6.5%	
Australian Shares	26.4%	-7.3%	10.7%	-2.0%	N/A	7.8%	7.8%	
International Shares	25.8%	0.7%	16.3%	-3.5%	N/A	11.7%	11.7%	
Cash	3.2%	4.8%	4.2%	3.1%	4.3%	3.9%	4.5%	

Remember that past performance is not always indicative of future performance.

** Where 5 year or 10 year history is not yet available, the compound average is calculated from inception of the relevant investment option.*

Did you know...

...that switching your investment option for future transactions occurs on the date you request it? Switching for existing savings is only applied once unit prices are set for that week.

Income Stream Returns to 30 June								Compound Average	
INVESTMENT OPTION	2013	2012	2011	2010	2009	5 yr*	10 yr*		
Growth (default)	20.1%	-0.1%	12.2%	8.8%	-16.9%	4.0%	6.8%		
Stable Growth	13.7%	3.7%	10.4%	8.7%	-7.0%	5.6%	6.7%		
High Growth	27.8%	-2.6%	13.4%	9.5%	-17.3%	5.1%	5.7%		
Conservative Growth	10.3%	5.6%	8.7%	1.2%	N/A	7.3%	7.3%		
Australian Shares	26.2%	-6.6%	10.5%	-0.4%	N/A	8.5%	8.5%		
International Shares	30.0%	9.9%	0.2%	N/A	N/A	12.0%	12.0%		
Cash	3.7%	4.9%	4.9%	3.6%	5.0%	4.4%	5.1%		

Investment earnings in our income stream products are tax free for members, so returns will vary from those in accumulation accounts. Superannuation payments made to members aged over 60 in either division are also generally tax free.

Emerging markets ~ a summary



Scott Malpass,
AvSuper
Investment
Officer, explains
an investment
class.

AvSuper has two investment managers focusing on emerging markets and members occasionally ask what these markets are and why we invest in them.

Put simply, 'emerging markets' describes the economies and stock markets of countries

with rapid growth and industrialisation; often seen as countries with a developing (or third world) status becoming a developed nation.

Investing in emerging markets

Investing in an emerging market is very similar to investing in other stock markets, but certain characteristics mean investors treat emerging markets differently. Emerging markets are usually:

- regional economic powerhouses with large populations, resource bases and markets

- transitional societies undergoing domestic economic and political reform
- rapidly growing economies, contributing to the world's trade
- critical participants in global political, economic and social affairs.

Emerging markets became an investment focus in the 1980s and made a lot of money available for businesses but short-term performance dropped in the 1990s. Many factors are greatly reducing emerging markets' volatility in recent times.

Used effectively, emerging markets can offer significant investment opportunities and greater portfolio diversity.

As they need capital for development, emerging markets are actively looking for and politically supporting investors.

Emerging markets have similar risks to established markets, although assessing

those risks can be more difficult. Specific risks include language, cultural and political barriers, differing business practices and requirements, and different regulations and laws.

With a growing, young population plus rapidly increasing incomes compared to developed nations, emerging markets are forecast to have a higher potential of economic growth and good long term investment returns.

AvSuper's emerging markets exposure

AvSuper's profit-for-member approach means making all investment decisions to meet specific objectives, benefiting members over the long term and helping build your retirement savings in an effective and prudent manner.

About 12% of our international equities portfolio involves emerging markets, using fund managers with significant experience in researching emerging economies and long term commitments to emerging market investing.



Other investment information

Unitisation

AvSuper's accumulation and income stream investments are unitised. Units are allocated to you when we receive a contribution or rollover for you. Your unit holding decreases when you make a withdrawal, receive an income stream payment, leave AvSuper or we deduct fees, taxes and insurance premiums.

Unitisation is similar to buying and selling stocks, with frequent price changes. The allocation price is based on that week's unit price so even regular contributions often convert to a different number of units. For members, the buying and selling price is the same each week. We take out fees and any applicable tax before setting unit prices. You can find current and historical unit prices on our website.

Diversification as a risk management tool

In our pre-mixed options, your super is deliberately invested with a long term

focus and diversified across several asset classes and investment managers per asset class. This spreads the risk of an investment under-performing and takes advantage of various investment styles.

These options offer more diversification than our single asset class options.

AvSuper's Australian Shares, International Shares and Cash options have investments in one asset class. However, to maintain diversity and manage risk, they are invested across a number of sectors and companies, and managed by multiple managers.

Unlisted assets

AvSuper also invests in Australian and international unlisted funds for increased diversification and stability (from less volatile asset classes). This also provides more buffering from inflation and scope for direct tax benefits.

We continually monitor our portfolio and market fluctuations, with the expectation these assets can potentially give more value to members' savings.

Derivatives

Derivatives - financial instruments linked to the future purchase or sale of securities - are commonly employed as risk management tools which also aim to maximise investment returns.

Our derivatives policy imposes tight controls on our investment managers' use of derivatives. They must only be used conservatively and for controlling risk, and never be used to gear portfolios.

Find your lost super!

We can help you find any old super you may have. Give us written permission to use your TFN and we'll search the ATO's database for you.

Make extra contributions to help your super soar!

Have you thought of growing your retirement savings with...

- Salary sacrifice contributions (with potential tax advantages)
- Regular personal contributions from your post tax salary or bank account
- Lump sum personal contributions whenever you have some 'spare' money
- Spouse contributions
- A contribution split with your spouse (with potential tax advantages)

Remember AvSuper Calculator can show you the impact of additional contributions and different investment strategies.

Visit our website www.avsuper.com.au for relevant forms and direct deposit details.

Investment managers

AvSuper uses a range of professional investment managers to invest members' money according to specific objectives and strategies (including strategies to guard against excessive risk) set out by the AvSuper Trustee.

Our website lists our current investment managers. As at 30 June 2013, AvSuper's assets were managed by the following entities:

Australian Shares	Schroders * Cooper Investors * Balanced Equity Management (BEM) * Invesco Perpetual *
International Shares	Independent Franchise Partners * AQR Global Equities * MFS Investment Management* Walter Scott Global Equities Genesis Investments Martin Currie Investment Management
Defensive Alternatives	Fauchier Partners Aurora GMO Australia Ltd
Property	Eureka Funds Management Franklin Templeton Investments Colonial First State Property EG Property Group Investa

Interested in investment markets?

Our Investment Officer provides a commentary on market conditions and performance each month. You can find it on our website each month or subscribe for an email reminder - look in the investment section of our website.

Fixed Interest	Loomis Sayles Brandywine Global Fixed Interest
Cash & Currency	Blackrock * Pareto Partners National Australia Bank Bank term deposits (various)
Infrastructure	RARE Infrastructure Limited Utilities Trust of Australia (UTA)
Growth Alternatives	Bentham Siguler Guff Coller Capital

** These managers have a value in excess of 5% of the total assets of AvSuper*

Defined Benefit Accounts

If you are defined benefit member, your super is based on a combination of your years of service, your contribution rate and final average salary. Declines in the value of defined benefit assets don't generally affect your final payment as the investment risk is borne by your employer. Despite drops in global investment markets in recent years AvSuper's defined benefit division remains financially sound and fully funded.

Although your defined benefit must end when you **cease corporate employment, you can stay with AvSuper** and receive contributions from any new employer. Unless you tell us otherwise within 28 days of ceasing employment, your benefit will be transferred to an AvSuper accumulation account in your name and invested in the default Growth option, an using the unit price effective on the day following your exit.

Superannuation surcharge

The super surcharge was a contributions tax that ended in July 2005. Your member statement shows any applicable outstanding surcharge. Interest may be applied to this debt. Unless you make other arrangements with us, the outstanding debt will be deducted from your final benefit when you leave the defined benefit division.

Investment returns & objectives

The primary objective is an after tax and fees return exceeding Average Weekly Ordinary Time Earnings (AWOTE) increases by at least 3% over rolling five years.

Investment returns for the Defined Benefit division (after fees and taxes)

One Year Return for 2012-2013	18.8%
Five Year Compound Average Return Per Annum	3.8%
Ten Year Compound Average Return Per Annum	6.3%

Long term strategic asset allocation at 30 June 2013

Asset Class	Benchmark	Asset Allocation Ranges
Cash	5%	0 - 20%
Property	10%	0 - 20%
International Shares	26%	15 - 45%
Diversified Fixed Income	10%	0 - 30%
Growth Alternatives	10%	0 - 20%
Australian Shares	29%	15 - 45%
Infrastructure	5%	0 - 15%
Defensive Alternatives	5%	0 - 20%



AvSuper's Member Advice Solution

Free
advice,
Australia-
wide!

- ▶ Wondering if you should be switching investment options?
- ▶ Want to contribute more to super but nervous of exceeding the caps?
- ▶ Unsure about how much insurance will protect your family?
- ▶ Not sure whether an income stream would suit your needs?

AvSuper's Member Advice Solution can answer these questions, and more, so book your free appointment today!

See how much super you'll get in retirement with AvSuper Calculator or get free personalised advice from one of our Member Advice Consultants



Call 1800 805 088 for details or visit www.avsuper.com.au



Member investment choice

As an AvSuper accumulation and/or income stream member, you can access member investment choice. Your options are outlined on the following pages and described in detail in AvSuper's *Member Investment Choice Guide*.

AvSuper's member investment choice enables you to choose one or any combination of the seven investment options. You can have your current super balance and future contributions invested identically or in different ways. It's up to you!

You can change the way your super is invested in our investment options at any time; this is called switching. Even better, AvSuper doesn't charge a fee to switch investment options! Switching can be done online or by completing a *Nominate or switch investment options* form downloaded from our website.

If you do not make an investment choice, your balance will automatically be invested in the AvSuper Growth* option, which is the default investment option.



Your member statement shows if you have an accumulation, income stream or defined benefit account.

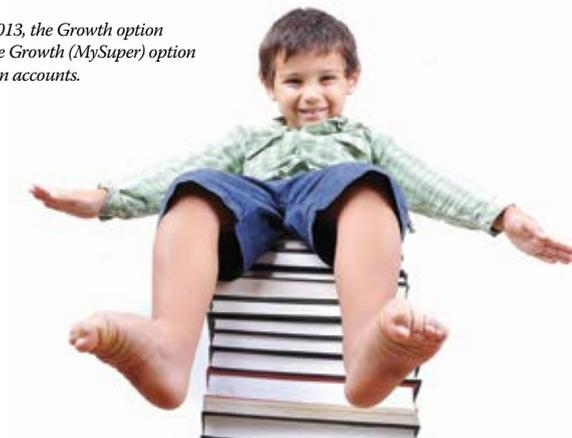
AvSuper's investment options

There are seven investment options available for you to choose from:

- Growth* (the default option)
- Conservative Growth
- Stable Growth
- High Growth
- Australian Shares
- International Shares
- Cash

Each option has its own performance objectives, investment strategy and risk/return profile as shown on the following pages. Note that past performance is not always indicative of future performance.

**From 1 July 2013, the Growth option will be called the Growth (MySuper) option for accumulation accounts.*

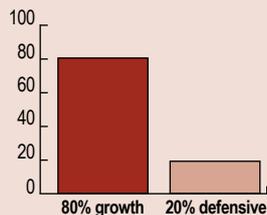


AvSuper options

Growth Option (the default option)

**From 1 July 2013, the Growth option will be called the Growth (MySuper) option for accumulation accounts.*

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 4.5% pa over rolling five-year periods.



Investment strategy Risk/return profile

Returns are generally less volatile than the High Growth portfolio but can still be volatile over the short to medium term.

Standard Risk Measure

Risk band	5
Risk label	Medium to high
Expected frequency of negative return in 20 years	4 to less than 6

Investment management fee: 0.77% pa

Asset allocation at 30 June 2013

Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	36%	25 - 45%	Infrastructure	5%	0 - 10%
International Shares	24%	20-45%	Diversified Fixed Income	13%	0 - 30%
Property	10%	0 - 20%	Cash	2%	0 - 10%
Growth Alternatives	5%	0 - 10%	Defensive Alternatives	5%	0 - 10%

The Standard Risk Measure for each investment option is based on industry guidance to allow members to compare investment options. It is not a complete assessment of all forms of investment risk, specifically it does not take into account the impact of administration fees or the magnitude of investment earnings (positive or negative).

It is important you are comfortable with the risks (especially the risks of negative investment earnings) associated with your chosen investment option(s). You can find out more about the Standard Risk Measure on our website.

Growth assets such as shares and property generally have a greater level of investment risk over shorter periods, with the possibility of higher returns over the longer term in comparison to defensive assets.

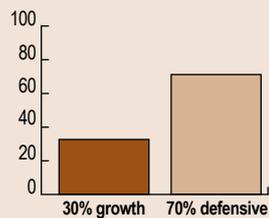
Defensive assets such as fixed interest and cash have a lower investment risk but usually provide lower returns over the longer term.

Images of Broome Air Traffic Control Tower and Fire Station, courtesy of Airservices Australia

Conservative Growth

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 1.5% pa over rolling three-year periods.

Investment strategy



Risk/return profile

Less volatility in the short term but generally modest returns over longer periods.

Standard Risk Measure

Risk band	2
Risk label	Low
Expected frequency of negative return in 20 years	1 to less than 2

Investment management fee: 0.46% pa

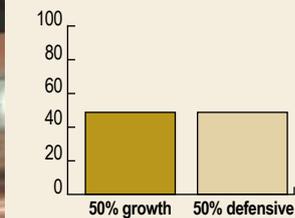
Asset allocation at 30 June 2013

Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	12%	0 - 20%	Diversified Fixed Income	30%	20 - 60%
International Shares	8%	0 - 20%	Cash	30%	10 - 40%
Property	10%	0 - 20%	Defensive Alternatives	10%	0 - 20%

Stable Growth Option

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 2.5% pa over rolling four-year periods.

Investment strategy



Risk/return profile

There may be some volatility in returns in the short term but they tend to stabilise over longer periods.

Standard Risk Measure

Risk band	3
Risk label	Low to Medium
Expected frequency of negative return in 20 years	2 to less than 3

Investment management fee: 0.50% pa

Asset allocation at 30 June 2013

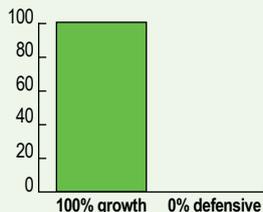
Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	20%	10 - 30%	Infrastructure	5%	0 - 10%
International Shares	10%	10 - 30%	Diversified Fixed Income	25%	15 - 50%
Property	10%	0 - 20%	Cash	20%	0 - 30%
Growth Alternatives	5%	0 - 10%	Defensive Alternatives	5%	0 - 10%

AvSuper options (continued)

High Growth Option

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 5.5% pa over rolling seven-year periods.

Investment strategy



Risk/return profile

Share market investments can be very volatile over the short to medium term but, historically, these investments have offered the highest long-term returns.

Standard Risk Measure

Risk band	6
Risk label	High
Expected frequency of negative return in 20 years	4 to less than 6

Investment management fee: 0.82% pa

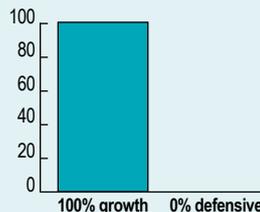
Asset allocation at 30 June 2013

Asset Class	Benchmark	Range
Australian Shares	54%	30 - 70%
International Shares	36%	30 - 70%
Growth Alternatives	5%	0 - 30%
Infrastructure	5%	0 - 30%

Australian Shares

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 6% pa over rolling seven-year periods.

Investment strategy



Risk/return profile

Share market investments can be very volatile over the short to medium term but historically, these investments have offered the highest long-term returns.

Standard Risk Measure

Risk band	6
Risk label	High
Expected frequency of negative return in 20 years	4 to less than 6

Investment management fee: 0.58% pa

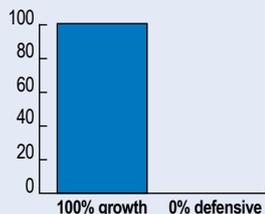
Asset allocation at 30 June 2013

Asset Class	Benchmark	Range
Australian Shares	100%	NA

International Shares

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 6% pa over rolling seven-year periods.

Investment strategy



Risk/return profile

Share market investments can be very volatile over the short to medium term but historically, these investments have offered the highest long-term returns.

Standard Risk Measure

Risk band	6
Risk label	High
Expected frequency of negative return in 20 years	4 to less than 6

Investment management fee: 0.89% pa

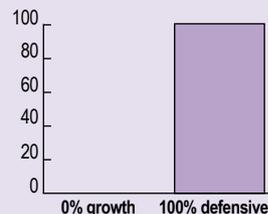
Asset allocation at 30 June 2013

Asset Class	Benchmark	Range
International Shares	100%	N/A

Cash Option

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 1% pa over rolling three-year periods.

Investment strategy



Risk/return profile

Relatively low but stable returns.

Standard Risk Measure

Risk band	1
Risk label	Very Low
Expected frequency of negative return in 20 years	<0.5

Investment management fee: 0.15% pa

Asset allocation at 30 June 2013

Asset Class	Benchmark	Range
Cash	100%	N/A

2012-2013 super snapshot

Continuing on from the previous financial years, there has been a lot of discussion and change within the superannuation industry for 2012-13. Stronger Super legislation was passed on 28 June 2013 which delayed implementation and member notification on many issues.

Changes to concessional contributions limits

A \$35,000 concessional contributions limit will apply to members over 60 from 1 July 2013 and members over 50 from 1 July 2014. The current \$25,000 limit continues for other members but indexation will raise it to \$30,000 in 2014-15 and \$35,000 by 2018. These contributions generally include your employer contributions and any salary sacrifice arrangements you may have in place. Contributions in excess of this limit will be taxed at your marginal tax rate plus an interest charge and you can choose to withdraw up to 85% of excess contributions..

Tax on income stream investment earnings

The Government has proposed to apply a tax of 15% income stream earnings to dollar earned over \$100,000 from 1 July 2014. Currently all investment earnings are tax free in income streams.

This remains a Government proposal only and has not yet been legislated.

Higher super contribution tax for very high income earners

Legislation now includes a contributions tax rate on concessional contributions of 30% for people earning more than \$300,000 per year. Once enacted, it will apply retrospectively to contributions made from 1 July 2012.

For members earning less than \$300,000, if concessional contributions put you over the \$300,000 threshold, the higher tax rate only applies to those amounts above the threshold.

This legislation has received Royal Assent but is still awaiting final regulations and legislative instruments.





Income stream drawdown relief finished

Income Stream members must withdraw a minimum amount (as calculated under legislation) from their account each year. In response to the effects of the GFC, the Government offered some relief but this ended on 30 June 2013.

We have written to all AvSuper members with income stream accounts about this change.

Refund of excess concessional contributions

Between 1 July 2011 and 30 June 2013, members who exceed their concessional contribution limit by up to \$10,000 (not indexed) **may be eligible for a refund of those excess contributions**. This refund option is only available the first time the concessional contributions limit is breached.

Any concessional contributions withdrawn using this system will attract the relevant marginal tax rate (eg as salary). If you are eligible for a refund, the ATO will send you a letter explaining your options.

Note that any excess concessional contributions also count towards your non-concessional contribution limit so both limits may be affected by this refund.

Trans Tasman transfers

From 1 July 2013, if you have money in a KiwiSaver scheme you may be able to choose to transfer it into your AvSuper accumulation account, or vice versa.

Contact us for details if you want to consolidate retirement savings between the two countries.

Superannuation Guarantee Changes

Compulsory employer contributions for eligible employees increased to 9.25% on 1 July 2013, as part of the gradual increase to 12% from 1 July 2019. The Superannuation Guarantee also applies to employees over 70 from 1 July 2013.



Stronger Super Reforms – now landed

In 2011, the Federal Government introduced a superannuation system reform, known as ‘Stronger Super,’ designed to improve the system’s efficiency and ultimately make it easier for you to track and manage your super.

Many of the changes came into effect on 1 July 2013 although transitional arrangements apply to some aspects so super funds have time to comply. We have summarised the reforms as a fact sheet on our website to help you understand the scope and impact of the changes.

Consistent with our profit-for-members philosophy, AvSuper broadly supports many of the introduced reforms. In fact, we had already integrated many of the changes into our existing operations and governance frameworks – in other words, we had a mild ‘renovation’ rather than a comprehensive ‘rebuild’ of our systems and structures.

Stronger Super package

There are three broad elements of the Stronger Super package of reforms – MySuper, SuperStream and governance.

All three categories interact with each other, but the immediate impact of each is different and will be more or less obvious to different groups of members.

MySuper is a simple, easy-to-compare and cost-effective super product that will be the default option for members not making a choice.

SuperStream is aimed at greater efficiencies, largely through technology use, and includes standardised transaction data between funds, introducing Tax File Numbers as the primary identifier for super accounts and reducing the number of inactive accounts (often known as ‘lost super’). These changes could take some years to provide tangible benefits to members.

Governance is about strengthening the integrity and regulatory settings of the super system for improved efficiency and transparency. It means members will be given even more information about their Fund. With AvSuper’s strong, prudent, fiduciary approach to managing members’ retirement savings, these changes have posed little concern for your Fund.



MySuper

AvSuper was one of the first funds in Australia to be awarded a MySuper licence.

From 1 July 2013, AvSuper's default investment option is known as the Growth (MySuper) option and is eligible to accept all employer (and self-employed personal) contributions under laws that take effect on 1 January 2014.

For accumulation members* currently in our Growth option, nothing changes except the name of the option – fees, investment objectives and member benefits are unchanged. It has been easy for AvSuper to introduce MySuper as **our default option was already simple and low-cost.**

** Income Stream members are not currently eligible for MySuper.*



Enquiries and complaints

Please contact AvSuper if you have any queries – in most cases, enquiries can be answered over the phone. Responses to written enquiries will generally be provided within five business days.

1. We work hard to help with your super, but if you have any complaints or concerns please contact us on **1800 805 088** or **avsinfo@avsuper.com.au**
2. If our discussions or suggestions don't satisfy you, please write to **Complaints Officer, AvSuper, GPO Box 367, Canberra, ACT 2601** or email **avsinfo@avsuper.com.au**

We will get back to you with a decision as soon as possible.
3. If your complaint is unanswered or not resolved to your satisfaction within 90 days, you may then have the right to refer the matter to the Superannuation Complaints Tribunal. They can be contacted on 1300 884 114.



Your AvSuper Trustee

The Trustee of AvSuper is AvSuper Pty Ltd, a professional corporate trustee company which ensures that the Fund operates in the best interests of all members.

AvSuper's Trustee is supported by comprehensive risk management strategies, plans and compliance programs.

The Trustee consists of a Board of eight Trustee Directors governed by the AvSuper Constitution and Trust Deed. Trustee Directors must satisfy both propriety and competency requirements on appointment and thereafter. They possess significant speciality expertise in superannuation complexities and the wider aviation industry.

The Principal Employer, Airservices Australia, nominates four of the Directors (Ms Allen, Ms Goode, Ms Roper and Mr Cooke) and four are nominated by the ACTU (Mr Cox, Mr Firkins, Mr Arnott and Mr Fishlock).

George Fishlock and Ben Firkins are also authorised to act as AvSuper Representatives which means they are qualified to provide you with general superannuation information and advice on AvSuper's products.



(back) Andrew Cooke,
Denise Allan,
David Arnott,
Lawrie Cox
(front) Glenys Roper,
George Fishlock
(Chair),
Christine Goode
(inset) Ben Firkins

Trustee Insurance

The Trustee has taken out trustee indemnity insurance (through Chubb Insurance Company of Australia Limited) to protect the Board, its Directors, its officers and the Fund against the financial effects of legal action against AvSuper.



Abridged financial statements

The details below are a summary of AvSuper's financial statements for the last two financial years. Note the 2013 figures are taken from unaudited accounts - the full audited financial statements and auditor's report will be available on our website after 31 October 2013.

Statement of changes in net assets for the period ended 30 June	2013	2012
Net assets available to pay benefits at beginning of year	\$1,223,195,396	1,193,323,390
Plus Income		
Employer contributions	\$76,795,546	\$79,911,266
Member contributions	\$8,234,731	\$4,506,262
Transfer from other funds	\$15,690,965	\$11,973,547
Investment Revenue	\$239,049,885	\$2,705,801
Insurance Proceeds	\$758,834	\$1,100,876
Other income	\$2,750	\$6,400
Total Income	\$340,532,711	\$100,204,152
Less Expenses		
Benefits paid and payable	\$49,676,262	\$51,824,216
Administration & operating costs	\$10,473,754	\$9,239,334
Insurance Expense	\$1,564,813	\$1,515,251
Income Tax Expense	\$24,955,108	\$7,753,345
Total Expenses	\$86,669,937	\$70,332,146
Net Assets	\$1,477,058,170	\$1,223,195,396

AvSuper uses professional external service providers to ensure it operates efficiently:

Administrator	Russell Employee Benefits & Link Super (from 1 April 2013)
Auditor	Deloitte
Group Life Insurer	Hannover Life Re Australasia
Investment Adviser	JANA Investment Advisers Pty Ltd
Custodian	National Asset Servicing & BNP Paribas Australia (from 1 September 2012)
Actuary	cHr Consulting Pty Ltd
Legal Advisor	Greenfields Financial Services Lawyers



The AvSuper Team...

When you call AvSuper, you'll never get an anonymous call centre. One of our experienced Trustee team will happily help you.



AvSuper Team (L to R):

(back) Kayla Bambling, Scott Malpass,
Michelle Griffiths (CEO), (front) Naomi Hales,
Silas Dingiria, Carl Wilson, Sara Stidworthy
(inset) Amy Ward

Member Advice Team Spotlight

Our member services team are there to help members (and employers) with their super questions and decisions. Based in Canberra, our team travels to other parts of the country to meet with members – why not ask if you want us to visit your area?



SILAS DINGIRIA

Manager - Member & Employer Services

- Provides information and support for employers
- Runs member seminars and workplace sessions
- Meets with members and gives personalised advice on investment choice, insurance and contribution levels.



CARL WILSON

Member Advice Consultant

- Our income stream guru – advising about starting and managing income streams, including investment and rebalancing strategies
- Provides information in our quarterly income stream bulletin
- Meets with members and gives personalised advice on investment choice, insurance and contribution levels.



KAYLA BAMBLING

Member Advice Consultant

- Assists all members with their accounts and general queries
- Provides members with general advice on topics including investment choice, insurance and contribution levels.

Thinking of retiring?

AvSuper offers you more choices when you retire – you can leave your money in your accumulation account or you can purchase an AvSuper income stream*. It all depends on what suits you!

What is an income stream?

An income stream simply means getting your super paid to you in regular instalments, rather than taking it as a lump sum. You can choose to do this whether or not you are still working as long as you meet preservation (age) requirements.

AvSuper income streams are easy to manage and offer many of the benefits you enjoy as a super member, with the same fees.

What if I'm still working?

Under transition to retirement rules, you can use an income stream as part of your income while continuing to work. You can also keep your super growing with employer and personal contributions into your accumulation account. It's a great way to ease into retirement!

Why consider an AvSuper income stream?

Some of the advantages of an AvSuper income stream are:

- Low fees to protect your savings
- Your choice of investment options
- Investment earnings are tax free
- You choose how much you are paid, how often (Government limits apply)
- No tax on your payments (from age 60)
- Your beneficiaries receive the remainder of your account if you die



We currently manage over \$100 million in income stream savings.

What do I do next?

If you are in or approaching retirement, read our income stream Product Disclosure Statement (PDS) (available from www.avsuper.com.au or by calling 1800 805 088) to see if it is right for you. Details on how to join are listed in the PDS for you.

* AvSuper income streams are issued by AvSuper Pty Ltd



Do We Have Your Email Address?

As a profit-for-members super fund, reducing printing and mail costs directly benefits you. And it can help to reduce environmental impact.



You can provide or update your email address via Member Online or by calling us.



facebook.com/avsuper



twitter.com/aviationsuper

Linked in



Contact Us

Phone: 1800 805 088 or 02 6268 4722

Fax: 02 6268 4469

Email: avsinfo@avsuper.com.au

Post: AvSuper, GPO Box 367, Canberra ACT 2601

www.avsuper.com.au