



Annual Trustee Report to Members

30 June 2015



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Balanced Growth
option
- > A new Income
Stream default

let us throw some
light on your super



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Do more online!

Log into Member Online to roll money into AvSuper and apply for insurance

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Your super fund – AvSuper

For 25 years, AvSuper has been providing outstanding service to members on a **profit for member** basis - many of those members have been with us from the day we started. You can count on us to continue to be a strongly member focussed organisation that 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. We also provide membership to many Australian Public Service employees, especially in the Canberra region.

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 6,500 members (and \$2 billion of their 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 accounts, 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 Chair

1990 was a year of great change for the world. It was a world that many would not recognise today...The first web-server was built in that year and the first webpage written. Computers were cutting edge technology, with a “huge” 16MB processing chip just unveiled, along with Microsoft’s Windows 3.0. We were witnessing the birth of the Internet. The Soviet Union and its satellites collapsed, Germany re-unified and Nelson Mandela walked from prison a free man.

Here in Australia, Bob Hawke was still Prime Minister, and on 17 July 1990 we saw the arrival of AvSuper into the superannuation sphere.

It began with little more than a promise from the Government to provide monies owing, but 25 years later we see the fledgling AvSuper has grown to nearly \$2 billion in assets. Over the same time-frame the industry as a whole now controls nearly \$2 trillion in assets.

While we marvel at the past and bask in the glory of our current situation, it is to the future that we should be looking. AvSuper is not focussed on what we have achieved, but rather on what we can achieve for our members in coming years.

This is because we are a super fund, a point often forgotten within the industry, as it chooses to pursue all manner of

distracting agenda. **We are all about providing for our members’ needs in retirement.** That is all we do. And we intend to do it well!

Governments come and go, taxation rules change constantly, regulations are imposed and then retracted. It is the business environment that we operate within, and it is unlikely to change. Instead of becoming involved with these distractions, AvSuper just gets on with the job at hand.

Similarly, AvSuper leads the industry in all manner of ways. Our average member balance is one of the highest, if not the highest, in Australia. Our gender diversity at Board, management and staff levels is something that other funds can only aspire to. Our member engagement is a matter of real pride to us, and something that other funds simply cannot achieve.

There is much to be said for a fund such as ours.... a proven performer, an industry leader, and front-runner for change and efficiency.

We hope that you, our members, are just as proud to be part of our 25 year success, and we are looking forward to serving you with the same high standards for the next 25 years.

George Fishlock



Report by our CEO

Welcome to AvSuper’s Annual Trustee Report to Members for 2015, as we celebrate our 25th year of providing superannuation products and services to our members in the aviation and aviation safety industries.

It’s been another strong year for AvSuper’s investment portfolio, with an after fees and tax investment return of 8.5% for the financial year in our Growth (MySuper) investment option, in which many of our members have some or all of their retirement savings invested. You can find out more about the performance of each of our investment options from page 7 – including a special feature on one of our recent property investments on page 26. There is also information about our newest investment option (Balanced Growth) available from 1 July 2015.

Our “theme” for super during 2015-16 is to “throw a light on your super”. Throughout the year, we’ll be providing information and special features designed to shine a light on aspects of super and investing that we think will make it easier for you to understand the issues and assist you with devising solutions that are better suited to your needs.

We’ve already enhanced our financial planning and advice services to provide you with more guidance and advice on how to structure your super and effectively plan for your eventual

retirement, as well as being better able to assist you with your advice needs when you are in retirement. Many elements of this advice service can be provided to you at no additional cost – so make sure you check with us before you get locked into paying for advice that you can obtain at no cost from AvSuper.

We’ve also recently launched a refreshed website and we encourage you to let us know what you think about the new design, and of course about anything else you think we can do (or do better) to improve your experience with AvSuper.

Michelle Wade



AvSuper news

A new Income Stream default!

From 1 July 2015, new Income Stream accounts will be invested into our Cash and Balanced Growth options by default - members will still have full investment choice, of course, but this new default arrangement reflects a strong investment strategy that is better suited to members in retirement.

Introduction of new investment option

The Balanced Growth option will start on 1 July 2015 to provide another choice to members, especially income stream members who may want a more conservative option with some income generation potential. See page 13 for details about this option.

More financial advice options available

We can now help you with retirement preparations, taking into account Centrelink entitlements and options - see page 16 for further details.

Welcome Mr Farrell, Farewell Mr Arnott & Ms Roper

The AvSuper Trustee Board has changed during the year with the retirement of David Arnott and Glenys Roper after eleven and five years respectively and arrival of aviation fire fighter Mick Farrell. A replacement for Ms Roper will be announced on our website during August 2015.

Check out our website!

We updated our main website in July, and we're pretty excited about the fresh new look and great new features we've added for you. Some of the new things you may appreciate are:

- colour coded sections to help you find what information you need
- pages with greater detail about each of our investment options
- more forms you can complete online instead of sending us paper copies

And of course you can still find:

- our monthly investment commentary
- weekly unit prices (in a graph or tables)
- online contribution and insurance application forms
- eRollover and lost super search functions
- AvChat for quick questions



Administration Manager's insurance update



**Shan Badowski,
Administration Manager**

As Administration Manager, part of what I do is look after AvSuper insurance for our members and manage death benefit claims on behalf of beneficiaries. For many Australians super is widely misunderstood, particularly in these areas.

Many people mistakenly believe that their super will automatically be paid to their spouse or according to their will. In reality, without a binding death benefit nomination in place, the Trustee is legally bound to consider all people who may have been financially dependent on the member. This might mean that your super may not be distributed how you anticipated. Further information on nominating beneficiaries is available on our website to help you make an informed decision.

We also have a member death benefit guide on our website to help families make a claim as quick as possible.

Insurance through super

In addition to housing and super, your biggest asset is likely to be your ability to earn an income. But what would happen if by reason of accident, illness or death, this income was to cease? How long would your savings last before they ran out? Would your family be able to maintain your standard of living on a reduced income, potentially with increased medical costs?

It seems to me that TV ads for life insurance have increased a lot in recent months, but the question is whether or not we really need such products. Before you go ahead with those companies, check out AvSuper's range of insurance policies (including life insurance, total and permanent disability cover and income protection) and get some personalised advice from us (our insurance advice won't cost you anything, either).

*75% of Australian's are under insured. This can, and does, lead to financial hardship when life doesn't go as planned**

I welcome your comments on your insurance needs so we can continue to improve our insurance arrangements. Contact us by phone or email with your feedback.

* THE LIFEWISE / NATSEM UNDERINSURANCE REPORT February 2010

What you told us about AvSuper...

Once again we would like to thank those members who participated in our annual member satisfaction survey. Each year we invite members to rate our customer service and to highlight areas where we might need further improvement.

- provides excellent financial returns
- handles enquiries quickly and efficiently
- provides clear and concise information

The survey asks members to tell us how likely, based on their experiences with AvSuper, they are to recommend us to other people and then to rate us in respect of specific service characteristics.

- Surveyed members are asked if AvSuper:
- has knowledgeable customer service people
 - provides the information required

The survey results are an invaluable tool for the Trustee to consider and review each year, in order to ensure we remain on track for meeting both your retirement saving goals and your expectations of our service over time. We also use many of the specific remarks and comments to help us improve, deal with emerging issues and to change the Fund's products and services to better respond your needs.

Member feedback this year was overwhelmingly positive and continued a strong trend of improvement seen since 2012, when we started surveying members annually.

Over the next 12 months we'll respond to the key theme emerging from this member feedback by getting "out in the field" even more regularly, by expanding our member seminar program to reach even more of you in your local areas, and by providing even more access to our experienced and professional financial advisers through the expansion of our Member Advice Solution.

We welcome your comments and feedback at any time - it's YOUR super and we want to ensure YOUR fund continues to meet your retirement needs and your customer service expectations.

So if you've got something to say about AvSuper, contact us by phone, email or AvChat any time of year.



One of the things that make AvSuper different to other super funds is our in-house Member Advice Team. We don't outsource customer service – so when you contact AvSuper, you can count on your call or email being handled by experienced, qualified super professionals and financial advisors employed in our Trustee Office – not an anonymous call centre.

Investment overview for 2014-15

Investment Option	2014-15 returns ^	Benchmark return	Rolling returns	Rolling years	Investment Objective (CPI +)
Growth (MySuper)	8.5%	8.4%	9.7%	5	4.5%
Conservative Growth	4.6%	5.1%	7.2%	3	1.5%
Stable Growth	6.4%	6.1%	7.9%	4	2.5%
High Growth	10.6%	9.7%	7.0%	7	5.5%
Cash	2.4%	2.1%	3.1%	3	1.0%
Australian Shares #	5.4%	5.2%	N/A	7	6.0%
International Shares #	14.3%	14.3%	N/A	7	6.0%

^ Returns are net of fees and taxes # Long term data is unavailable for our newer options



Investment overview for 2014-15

Another beneficial financial year for AvSuper members....

AvSuper members can appreciate another year of respectable investment returns across all AvSuper investment options to 30 June 2015. Members in the default investment option, Growth (MySuper), have enjoyed three years of positive returns with two years of double-digit returns (after allowing for investment fees and taxes). For members, the important long-term investment returns, which are measured over rolling years in the table on page 7, have continued to strengthen.

Results for Key Asset Classes *

A dramatic end to the financial year, due primarily to the Greek crisis and China's stockmarkets has been felt across the various asset classes in which we invest. Returns for the financial year were above benchmarks and held strong across the various options. AvSuper has continued our conservative investment approach, maintaining strong cash balances and

positioning ourselves to be mildly underweight in equities and overweight in defensive assets. We have been cautious in implementing any transitions during the year and have ensured cash reserves are intact for any sudden impacts in market or foreign exchange movements.

Australian Shares: Whilst the Australian share market finished rather flat for the fiscal year, AvSuper's Australian share portfolio was only slightly below the benchmark with a performance of 6.0%. Small cap investments declined due to weak performance by mining related stocks. AvSuper's investment in Cooper Investors was significantly buoyant and a standout performer with double digit returns for the year at 13.6% - more than 6% above the benchmark.

International Shares: Continued low global interest rates supported global equities during the year, AvSuper's International share investments were extremely strong and the biggest contributor to performance at 18.2%. Decreases in June were noted but this did not affect the healthy yearly result. Independent Franchise Partners contributed a strong 30.1% being 5% above benchmark returns. The 18% increase in the USD currency compared to AUD was a bonus for this sector.

Infrastructure: Infrastructure assets continued to hold double digit returns for members (11.8%) for the second consecutive year, well ahead of benchmark returns. RARE infrastructure provided most of this return - 19.2% coupled with currency appreciation.

Growth Alternatives: This sector performed well at 10.8%. A mixed result from managers in this sector with international private equity manager Siguler Guff performing well (33.4%).

Property: The most disappointing sector for financial year 2015 (2.6%). After the sector was reviewed, we appointed a new Manager (GPT Wholesale Shopping Centre Fund). The Fund is now in a much stronger position moving forward with a core portfolio of high quality income producing investments.

Currency & Cash: The Australian dollar declined (-18%) from nearly US\$0.95c at the end of 2013-14 to US\$0.77 in late June 2015. This currency depreciation was in line with falling commodity prices and resource investment. AvSuper

had defensive active hedging currency strategies in place reducing the impact of the currency drop.

Defensive assets were in line with expectations in the historical low interest rate environment with AvSuper's cash (3.0%) returning above benchmark returns with fixed interest (5.7%) just slightly below. Again, our in house management of term deposits provided additional returns. AvSuper has recently moved its hedging position to reflect the falls in the AUD.

Looking ahead...

Last year we cited a Chinese slowdown and fragile European debt recovery as areas of concern. This became apparent at the end of June 2015 and will continue to significantly influence all markets in

the near term. Challenges lie ahead with US interest rates set to rise and likely to impact the rest of the world. Surging mergers and acquisitions activity is continuing whilst companies seek to find alternatives to invest money, however, valuations of both real assets and equities start the year at levels which will make continued double digit returns challenging. Questions remain about the speed and global impact of China's growth, with China now being the second biggest economy in the world.

AvSuper's portfolio is well positioned to continue through 2015-16 with caution, and with a balanced diversified portfolio that will allow us to take advantage of future volatility whilst maintaining a solid position in growth assets.

Want to know more...

Read about our new property manager and investments on page 26.

* Returns are gross



AvSuper returns

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

Accumulation Account Returns to 30 June							
INVESTMENT OPTION	2015	2014	2013	2012	2011	5 yr	10 yr *
Growth (MySuper) (default)	8.5%	12.9%	18.4%	-1.3%	11.1%	9.7%	6.0%
Conservative Growth	4.6%	7.9%	9.0%	4.8%	7.7%	6.8%	N/A
Stable Growth	6.4%	10.6%	12.2%	2.6%	9.2%	8.2%	6.0%
High Growth	10.6%	15.8%	24.7%	-1.6%	12.6%	12.1%	6.6%
Cash	2.4%	3.7%	3.2%	4.8%	4.2%	3.7%	4.3%
Australian Shares	5.4%	18.4%	26.4%	-7.3%	10.7%	10.1%	N/A
International Shares	14.3%	14.3%	25.8%	0.7%	16.3%	14.0%	N/A

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

* 10 year history is not yet available for some options

From 1 July 2015, new default investment arrangements will apply to income stream members not making a choice - see page 13 for details.

Income Stream Returns to 30 June							
INVESTMENT OPTION	2015	2014	2013	2012	2011	5 yr	10 yr*
Growth	9.6%	14.7%	20.1%	-0.1%	12.2%	11.1%	6.5%
Conservative Growth	5.1%	8.4%	10.3%	5.6%	8.7%	7.6%	N/A
Stable Growth	7.2%	10.6%	13.7%	3.7%	10.4%	9.0%	6.5%
High Growth	11.7%	17.1%	27.8%	-2.6%	13.4%	13.1%	7.1%
Cash	2.7%	2.9%	3.7%	4.9%	4.9%	3.8%	4.6%
Australian Shares	6.9%	18.3%	26.2%	-6.6%	10.5%	10.5%	N/a
International Shares	16.5%	16.0%	30.0%	9.9%	0.2%	14.1%	N/A

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.

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 transactions 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. Our website shows current and historical unit prices.

Diversification for risk management

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 allows for more consistent returns and takes advantage of various investment styles.

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

AvSuper's Cash, Australian Shares and International Shares options each invest in only 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. 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.

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.

Derivatives

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.

Operational risk reserve

The Trustee has established and will maintain an Operational Risk Financial Requirement (ORFR) reserve. We have set a target funding level for the ORFR reserve and we will build up the reserve to the target level over time, to minimise the impact on members.


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 2015, AvSuper's assets were managed by the following entities:

The risk level for each AvSuper investment option is based on the super Standard Risk Measure 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](#).



Australian Shares	Perpetual * Schroders * Cooper Investors * Invesco
International Shares	Independent Franchise Partners (IFP) * AQR Global Equities MFS Investment Management Walter Scott Global Equities Genesis Investments Martin Currie Investment Management Causeway
Defensive Alternatives	Jubilee Asset Management GMO Australia Ltd Blackrock GAM International Management Limited
Property	Franklin Templeton Investments Eureka Funds Management EG Property Group Investa The GPT Group
Fixed Interest	Loomis Sayles * Brandywine Global Fixed Interest *
Cash & Currency	Blackrock Cash Fund * Pareto Investment Management Limited National Australia Bank Bank term deposits (various) Citi Global Market Australia
Infrastructure	RARE Infrastructure Limited Hastings
Growth Alternatives	Bentham Collier Capital Siguler Gulf Hayfin Capital Management

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

Introducing the new Balanced Growth option



Scott Malpass,
AvSuper Investment Officer

From 1 July 2015, we will be offering all income stream and accumulation members an eighth investment option, the Balanced Growth investment option.

This option is particularly well suited to members approaching retirement who are looking to modestly reduce investment risk for their retirement savings, while continuing to obtain some exposure to growth assets.

Balanced Growth

The Balanced Growth option will be a pre-mixed option diversified across various asset and investment managers. You can see a summary of the option on page 19.

Default options

With the introduction of the Balanced Growth option, we are also changing the default investment strategy for our income

stream members. To ensure members maintain capital for drawdowns whilst also having potential for growth, income stream accounts will be equally distributed across growth and defensive assets. This will be achieved by investing these members in the Balanced Growth (77%) and Cash (23%) options by default, as well as drawing down from the Cash option.

Note that income stream members who make an investment choice and those who joined prior to 1 July 2015 will not be automatically invested in these options.

Accumulation members will continue to be invested in the Growth (MySuper) option if they do not make a choice.

Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	28%	20 - 45%	Diversified Fixed Income	19%	2 - 25%
International Shares	17%	20 - 45%	Cash	11%	0 - 20%
Property	10%	0 - 20%	Defensive Alternatives	5%	0 - 20%
Infrastructure	5%	0 - 10%			
Growth Alternatives	5%	0 - 10%			



Defined benefit accounts (Corporate members)

If you are a 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. AvSuper's defined benefit division remains financially sound, fully funded and well supported by Airservices Australia and CASA.

Although your defined benefit arrangement 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 (MySuper) option, 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 is applied to this debt.** Unless you make arrangements to repay the debt earlier, the outstanding debt will be deducted from your final benefit when you leave the defined benefit division.

Investment changes

The defined benefit investment benchmarks and ranges were amended on 27 November 2014 (as shown opposite) to obtain a 50/50 mix of growth and defensive assets.

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 2014-15	7.3%
Five Year Compound Average Return Per Annum	9.3%
Ten Year Compound Average Return Per Annum	6.0%

Long term strategic asset allocation to 26 November 2014

Asset Class	Benchmark	Asset Allocation Ranges
Australian Shares	24%	15-45%
International Shares	26%	15-45%
Property	10%	0-20%
Infrastructure	5%	0-15%
Growth Alternatives	5%	0-20%
Defensive Alternatives	10%	0-15%
Diversified Fixed Income	10%	0-30%
Cash	10%	0-20%

Long term strategic asset allocation at 30 June 2015

Asset Class	Benchmark	Asset Allocation Ranges
Australian Shares	14%	10-35%
International Shares	16%	10-35%
Property	8%	0-15%
Infrastructure	5%	0-15%
Growth Alternatives	7%	0-15%
Defensive Alternatives	20%	0-30%
Diversified Fixed Income	20%	0-30%
Cash	10%	0-20%



Have you made use of our personalised advice service yet?

Now may be the time as we can offer even more help for you, and still with no commissions.

Additional advice options in Member Advice Solution

With an extended licence, AvSuper's Member Advice Consultants can now help you consider your retirement options alongside your Centrelink entitlements.

That means we can help you find the most effective retirement plan for your situation as well as help choose investment strategies, insurance solutions and contribution arrangements.



Member Advice Team spotlight

Meet our Senior Member Advice Consultant (and income stream guru!) CARL WILSON

- With AvSuper since 11 December 2012
- Qualified as a financial planner since 2000

How Carl helps members

Carl advises about starting and managing income streams, including setting investment and rebalancing strategies.

You can read informative articles from Carl in our quarterly income stream bulletins*.

Carl meets with members to give personalised advice on investment choice,

insurance requirements and contribution options and levels. He is also available when members call, email or AvChat our office.

Our Member education program also takes Carl to various parts of Australia to conduct seminars on specific aspects of super and retirement financial planning.

* AvSuper sends quarterly news bulletins to all members (as long as we have your email address) to keep you informed about the Fund and the superannuation environment. If you are nearing retirement and would like to receive the income stream bulletin, please contact us.

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 eight investment options. You can have your current super balance and future contributions (or drawdowns for Income Streams) 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 (MySuper) option (for accumulation members) or in the Balanced Growth and Cash options (for income stream members).

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

AvSuper's investment options

- Growth (MySuper)
- Conservative Growth
- Stable Growth
- Balanced Growth (from 1 July 2015)
- High Growth
- Cash
- Australian Shares
- International Shares

Each option has its own performance objectives, investment strategy and risk/return profile as shown on the following pages (and on page 13 for the Balanced Growth option). Note that past performance is not always indicative of future performance.

Rebalancing

If you want your money invested in certain proportions across growth and defensive assets, you can do so via member investment choice. However, over time the distribution of your money may not align with those choices. Moving money between investment options to realign your account to your strategy is called rebalancing and our Member Advice Consultants can help you manage this at any time.

AvSuper options

Visit our site for more details on each option



Growth (MySuper) Option *

Designed for members who accept it involves a medium risk level to achieve moderately higher returns over the medium and longer term.

Primary objective
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 and ten-year periods.**

Standard Risk Measure	
Risk band	5
Risk label	Medium to high
Expected frequency of negative return in 20 years	3 to less than 4

Investment management fee: 0.77% pa

Strategic Asset Allocation - target and ranges

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

* default accumulation option if no choice is made

Conservative Growth

Designed for members who are approaching retirement or who are generally risk adverse, but want to maintain some growth potential.

Primary objective
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.**

Standard Risk Measure	
Risk band	2
Risk label	Low
Expected frequency of negative return in 20 years	0.5 to less than 1

Investment management fee: 0.51% pa

Strategic Asset Allocation - target and ranges

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%
Infrastructure	0%	0 - 10%			
Growth Alternative	0%	0 - 10%			

Stable Growth Option

Designed for members who want to maintain some exposure to growth assets, balanced by a similar exposure to defensive assets.

Primary objective
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.**

Standard Risk Measure	
Risk band	4
Risk label	Medium
Expected frequency of negative return in 20 years	2 to less than 3

Investment management fee: 0.60% pa

Strategic Asset Allocation - target and ranges

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

Balanced Growth Option #
(from 1 July 2015)

Designed for members who want to maintain some exposure to growth assets, balanced by a similar exposure to defensive assets.

Primary objective
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.**

Standard Risk Measure	
Risk band	4
Risk label	Medium
Expected frequency of negative return in 20 years	2 to less than 3

Investment management fee: 0.69% pa

Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	28%	20 - 45%	Diversified Fixed Income	19%	2 - 25%
International Shares	17%	20 - 45%	Cash	11%	0 - 20%
Property	10%	0 - 20%	Defensive Alternatives	5%	0 - 20%
Infrastructure	5%	0 - 10%			
Growth Alternatives	5%	0 - 10%			

one of two default income stream options if no choice is made

AvSuper options (continued)

High Growth Option

Designed for members who accept it involves a higher level of risk to achieve greater returns in the long term.

Primary objective

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**.

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

Strategic Asset Allocation - target and ranges

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

Australian Shares

Designed for members who want to invest in sharemarkets and accept the higher risk for greater long term returns.

Primary objective

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**.

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: 0.72% pa

Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range
Australian Shares	100%	NA

International Shares

Designed for members who want to invest in sharemarkets and accept the higher risk for greater long term returns.

Primary objective

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**.

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: 0.98% pa

Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range
International Shares	100%	N/A

Cash Option #

Designed for members who have a short investment horizon. It provides higher capital security but usually much lower returns than the other options over most periods.

Primary objective

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**.

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

Investment management fee: 0.12% pa

Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range
Cash	100%	N/A

one of two default income stream options if no choice is made

2014-15 super snapshot

New deeming rules in place

From 1st January 2015, Centrelink age pension entitlements are calculated differently which may affect anyone restarting an income stream.

FSI report

In December 2014, the Financial Services Inquiry report was released. 28 of the 44 recommendations in the report related to superannuation so we summarised the report in a fact sheet on our site. As soon as the government responds or any related legislation changes, we will inform members.

Updated contribution caps

The caps, or limits, on contributions to your super were indexed and thus increased from 1 July 2014. Please refer to our understanding contributions limits fact sheet for full details on how these limits may affect you.

2015 Federal Budget

This budget did not directly impact on super although changes to Age Pension thresholds could increase your need for good super savings. See the fact sheet on our website to learn more about the Budget proposals.



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 feedback you can 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 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.

Welcome to new team members!

We are pleased to introduce Shan Badowski as our new Administration Manager, as well as Deb Campbell to our Member Advice Team.

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):

Standing – Shan Badowski, Ross Connors, Wilson Lau,
Ursula Suggate, Deb Campbell, Silas Dingiria
Seated – Michelle Wade (CEO), Scott Malpass, Carl Wilson,
Amy Ward, Naomi Hales

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. Collectively, they possess significant speciality expertise in superannuation, investment management and the wider aviation industry.

The Principal Employer, Airservices Australia, nominates four of the Directors (Ms Allen, Ms Goode and Mr Cooke, with a current vacancy to be filled in July 2015) and four are nominated by the ACTU (Mr Cox, Mr Firkins, Mr Farrell 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.



Andrew Cooke, Ben Firkins, Michael Farrell, Christine Goode, George Fishlock (Chair), Lawrie Cox, Denise Allen.

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.

AvSuper professional support

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

Administrator	Link Super
Auditor	Deloitte
Group Life Insurer	Hannover Life Re Australasia
Investment Adviser	JANA Investment Advisers Pty Ltd
Custodian	BNP Paribas Australia
Actuary	cHr Consulting Pty Ltd
Legal Advisor	Greenfields Financial Services Lawyers



Abridged financial statements 2015

The details below are a summary of AvSuper's financial statements for the last two financial years. Note the 2015 figures are taken from unaudited accounts - the full audited financial statements and auditor's report will be available on our website by 28 October 2015.

Statement of changes in net assets for the period ended 30 June	2015	2014
Net assets available to pay benefits at beginning of year	\$1,705,720,315	\$1,479,801,431
Plus Income		
Employer contributions	\$90,621,970	\$83,339,005
Member contributions	\$15,324,716	\$11,918,324
Transfer from other funds	\$27,014,495	\$24,408,084
Investment Revenue	\$149,440,745	\$195,485,292
Insurance Proceeds	\$2,797,742	\$3,451,703
Other income	\$1,364	\$5,506
Total Income	\$285,201,032	\$318,607,914
Less Expenses		
Benefits paid and payable	\$63,546,252	\$55,229,324
Administration & operating costs	\$14,305,779	\$12,624,148
Insurance Expense	\$1,823,799	\$2,620,108
Income Tax Expense	\$19,252,067	\$22,215,450
Total Expenses	\$98,927,897	\$92,689,030
Net Assets	\$1,891,993,450	\$1,705,720,315

AvSuper's investment in Core Property

Investing in core property as an investment tends to provide steady long term returns at a higher level than cash or fixed interest. AvSuper invests in property as part of our diversity strategy and during 2014-15 invested \$40m into GPT Wholesale Shopping Centre Fund to secure long term yield and growth while also gaining exposure to the retail sector.

This is an important diversification asset and complements the existing investment of Investa (Core Office Fund) within AvSuper's property portfolio. We are expecting to receive a good rate of return but importantly AvSuper will benefit from solid income and stable returns over the longer term.

GPT Wholesale Shopping Centre Fund (GWSCF)

Listed on the ASX in 1971, GPT's funds management business is innovative and has a long investment track record. The GWSCF

- provides exposure to quality Australian retail assets
- aims to own a diverse portfolio of dynamic retail assets that connect, evolve and grow with their communities.
- started in March 2007 with a \$1.9b portfolio of eight retail assets in NSW and Victoria.

The Assets

We are excited to show members this investment as the properties are instantly recognisable, as are tenants such as David Jones, Hoyts and Westpac. At 31 March 2015, the fund had interests of \$3.9b in 10 high quality retail assets across Australia:

Northland Shopping Centre, Victoria

Northland Shopping Centre is in East Preston, 11 km north of Melbourne's CBD. Its trade area has strong demographic trends including above average household income levels and continued infill, as well as high density development to drive future population growth.

Parkmore Shopping Centre, Victoria

Parkmore Shopping Centre is a regional shopping centre in Keysborough approximately 35 km east of the Melbourne CBD, and has been servicing Melbourne since 1973.

Macarthur Square, New South Wales

Macarthur Square is located in Campbelltown, 50 km south-west of the Sydney CBD. It is the only regional centre in a population growth area.

Casuarina Square, Northern Territory

Casuarina Square is the premier shopping destination in the Northern Territory, servicing the local community since 1973. The centre is located in the northern suburbs of Darwin, about 15 minutes drive from the CBD.

Forestway Shopping Centre, New South Wales

Forestway Shopping Centre is a convenience based shopping centre, opened in 1964, situated in an affluent market in Frenchs Forest, approximately 13 km north of the Sydney CBD.

Westfield Woden, Australian Capital Territory

Westfield Woden is one of Canberra's largest shopping, leisure and lifestyle destinations, about 10 minutes drive south of the CBD. It includes department stores, supermarkets, a cinema complex and over 200 specialty retailers.

Wollongong Central, New South Wales

Wollongong Central is located in Wollongong's CBD, about 90 km south of Sydney. The Centre's 18,000 sqm expansion opened in October 2014 and includes a fresh, fast and casual dining feature.

Norton Plaza, New South Wales

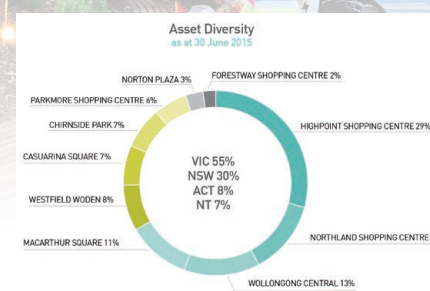
Norton Plaza is located in Leichhardt, six km west of Sydney's CBD. The high performing neighbourhood shopping centre embodies the community's appreciation for the best in food, quality and outstanding service.

Chirnside Park, Victoria

Situated approximately 30 km north-east of the Melbourne CBD, Chirnside Park is a regional shopping centre that opened in 1979.

Highpoint Shopping Centre, Victoria

Highpoint Shopping Centre is located in Maribyrnong, eight km north-west of the Melbourne CBD and is one of Australia's leading retail destinations.



Photos courtesy of the GPT Group

Shine a light on contributions

Whether you've just started working or are thinking about retirement, the best way to build your super (and prepare for a better retirement lifestyle) is to make contributions to your super account.

How to make contributions

You can make contributions directly into our bank account (call us for account details) using your member number as the reference or by sending us a cheque, and you can tell us the details via our online contributions form.

For salary sacrifice arrangements or for an after-tax deduction for super, please speak to your employer.

AvSuper accepts all types of super contributions:

- Personal lump sums
- Personal regular payments
- Spouse contributions
- Government Co-contribution
- Government low income super contribution (LISC)
- Employer contributions (SG)
- Employer (salary sacrifice)
- Employer (after-tax deductions from your pay)

Choosing your contributions

Once you have decided to make a contribution to your super - and that is an effective way to build your retirement savings! - you will need to decide what type of contribution you will make.

At different times, different contribution types may suit as things such as your age, your income, your family circumstances and your financial goals have an impact.

How much to contribute

Obviously, this depends on your situation and what you can afford. Even small amounts added to your super regularly can make a huge difference to your retirement lifestyle.

Keep super in mind when you get unusual lumps of money, such as a tax return, inheritance or pay rise. And remember to look at your tax options, too.

It's also important to consider contribution limits (see the fact sheet on our website for details). Once you exceed those Government limits, you will be taxed more on those contributions but it may still be beneficial for you to make contributions – talk to one of our Member Advice Consultants if you are nearing your limits.

Thinking of retiring?

AvSuper offers you more choices when you retire – you can leave your money in your accumulation account or you can start 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!

**Now offering free annual check ups
for our Income Stream members!**

Some advantages of an AvSuper Income Stream ...

- 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 \$138 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



Want to opt out of paper copies of your annual report?

If so, we need your email address. You can provide or update your email address via Member Online or by calling us.

Within the personal details section of Member Online, you can also tell us to send you electronic statements and/or annual reports.



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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