



In good shape — 2010/11





This is important

The information in this Annual Report is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider any advice in this document in light of your personal objectives, financial situation and needs before acting on it. You may wish to contact a licensed financial planner to do this. If you are looking at acquiring a financial product, you should obtain a product disclosure statement and consider its contents before making any decisions. Neither ARIA, nor the Australian Government, takes any responsibility for the services or guarantees the performance of any product provided by third parties including AIA Australia Limited ('the insurer') and Members Equity Bank ('ME'). You are under no obligation to use the services of ME or the income protection offered by AIA Australia Limited and should always compare financial products to find one which best meets your personal objectives, financial situation and needs.

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Chairman's report

It's with great pleasure that I present the Annual Report in which you'll find a summary of the operations of the PSSap for the year ending 30 June 2011.

Investment performance

In the 2010/11 financial year, performance has been solid against a background of challenges faced by markets, such as the earthquake and tsunami in Japan, European sovereign debt worries, and more locally, the New Zealand earthquakes and the Queensland floods.

All investment options recorded positive returns in 2010/11. The PSSap's default option, Trustee Choice, increased by 7.3%. For more information, see [Investments](#) on page 9.

The year ahead

For the coming year, our focus remains on achieving competitive investment returns over the long-term and giving you the information and resources you need to make better super decisions.

One of our major tasks is working to implement changes following the [merger between the ARIA and MilitarySuper Boards](#) (see over the page). These changes will not alter your scheme rules, benefits or entitlements in any way.

There will also be work to make sure there is a smooth transition to [our new administrator for the PSSap](#) (see over the page).

We will also be working to implement any changes resulting from the Government's 'Stronger Super' package.

Trustee Board

During the year we welcomed Tony Cole to the Trustee Board and bade farewell to Margaret Gillespie who tendered her resignation on 13 May 2011. Dennis Trewin and Brian Daley completed their terms on 30 June 2011. I would like to thank them for their contribution to ARIA and its members in recent years.

Thank you

My thanks go to the management team, staff and our service providers for their efforts during another year of volatility and change. I look forward to continuing our work together in 2011/12.

I am sure you'll find this Annual Report a useful source of information about the PSSap.

Tony Hyams
Chairman



What's happening

Upcoming changes

On Friday 1 July 2011, ARIA's name changed to CSC (Commonwealth Superannuation Corporation) and it merged with the former Board of MilitarySuper. This followed the passage by the Parliament of a package of legislation including the *Governance of Australian Government Superannuation Schemes Act 2011*.

There is no change to your scheme rules, benefits or entitlements as a result of this merger.

Throughout the year, you will see signage changes on websites and your member communications to reflect this new name.

Member services

The Federal Government has contracted with Pillar Administration to provide certain member services to PSSap members from 19 November 2011. Until that time, ComSuper will continue to provide member services.

Your member entitlements will not be affected by this change in scheme administration arrangements. Commonwealth Superannuation Corporation (CSC – formerly ARIA) will remain the trustee responsible for your scheme.

We are working closely with ComSuper and Pillar to ensure that this transition is as smooth and efficient as possible. We will be in touch with you closer to the changeover time, to advise you of changed contact details, as Pillar will become the key contact point for you.



Inaugural environmental and social governance report released

We became a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2006, and these Principles reflect the view that environmental, social and corporate governance (ESG) is an important consideration in the management of investment portfolios.

During the year, we released our first environmental, social and governance (ESG) update for members. The report outlines our commitment to the UNPRI, and addresses the management of ESG risk in our investment portfolio. This report is available on www.pssap.gov.au.

Changes to superannuation in Federal Budget 2011

There were no real surprises for super in the 2011/2012 Budget delivered by the Treasurer, The Hon Wayne Swan MP on 10 May 2011. Confirmation of previously announced policies included:

- > **Excess contributions tax relief:** From 1 July 2011, people who breach the concessional contributions cap by up to \$10,000 can request a refund of the excess contributions, rather than paying excess tax on the amount.
- > **Over-50s concessional contributions cap:** The over-50s concessional contributions cap is to be 'indexed' rather than remaining at \$50,000. This change was announced last year in response to the Henry Review.

- > **An extended freeze on the indexation of the co-contribution income thresholds:** The Federal Government has again frozen the income thresholds for the co-contribution. The freeze that is in place for the 2010/2011 and 2011/2012 financial years will now be extended to the 2012/2013 year.
- > **Greater use of TFNs:** From 1 July 2011, the Government will permit super fund trustees to use tax file numbers to locate member accounts, to help consolidate multiple member accounts and thus reduce account fees incurred by multiple accounts.
- > **Disclosure of super contribution payments:** From 1 July 2012, employers must provide superannuation payment amounts on employees' pay slips. Employees and employers will also receive notification from their superannuation fund if regular payments cease.

These proposed budget changes to super are not yet law. We will keep you up to date with any changes and what they mean to you at www.pssap.gov.au.

Further commitments to MySuper in 2011/2012 Budget

The 'MySuper' proposal was announced along with other recommendations as part of the Super System Review which began in 2009. MySuper is designed to make sure all working Australians have access to a simple, low-cost, default superannuation product. The new arrangements are intended to be in place by 1 July 2013.



Your super in focus

The PSSap is an accumulation fund. The money that you and your employer contribute to your super earns investment returns and accumulates over time. This means the more you can contribute now, the more you should have to enjoy life after work.

Inside the PSSap: members benefit from accumulation fund

How do I benefit from the PSSap?

The PSSap is a competitive super fund. We offer members:

- > at least 15.4% employer contributions
- > competitive returns
- > comprehensive death and disability insurance cover
- > competitive fees, which your employer also helps with
- > access to low-cost home loans and banking services through Members Equity Bank.

In addition to these benefits, the PSSap is a smart choice | all benefits after fees, expenses and taxes are returned to | and we don't pay any commissions to financial advisers.

How is my PSSap super invested?

We pool your super with that of other PSSap members as well as members of the CSS and PSS. It goes into a pooled superannuation trust, and we then invest it according to the investment options you choose.





What are my investment options?

The PSSap offers a range of investment choices, and you can mix and match these to find a balance that is right for you. You can also switch investment strategies at any time. Just visit **Your investment options** at www.pssap.gov.au.

If you haven't made an investment choice, your super will be invested in the PSSap's Trustee Choice option. The investment strategy for this option is to spread investments over a number of asset classes, to maximise the long-term real return on contributions while reducing short-term risks to a level we consider prudent.

How is my PSSap super valued?

Your PSSap super is valued in units. We use your employer and personal contributions, along with any other amounts you transfer in, to buy units in the investment options you choose.

We keep a record of all the units you hold, and call this your super account. You can estimate the balance of your account on any business day by multiplying the number of units you hold in each investment option on that day, by the relevant 'sell' unit price for that day. Alternatively, you can view your up-to-date withdrawal benefit in **Your account**. You'll need an access number to use this service. If you don't have one or you've misplaced it, call us on 1300 725 171 and we can give you one over the phone.

Unit prices fluctuate in line with investment returns, and the net earnings of the fund are reflected in the price of your units. Generally, unit prices are available on our website each day.

Fees, expenses, costs and taxes are usually deducted before we calculate the unit price. Some fees, such as insurance premiums and switching fees, need to be paid out of your account, so we sell some units to cover the cost of these fees as they arise.

How are unit prices calculated?

To work out the unit price for an investment option, we take the total value of assets in the investment option (less fees not deducted directly from your super account, as well as taxes and costs) and divide it by the number of units issued in the investment option. The costs associated with buying or selling fund investments are reflected in the unit price for the relevant investment option through a 'buy-sell' spread.

Generally, we base our calculation of the value of assets in each investment option on the latest available market value at the end of each business day. Using these values, we will generally calculate the unit price for a given business day on the next business day. For example, we will generally calculate the unit price for 1 September (if a business day) and make it available on 2 September (if also a business day).

If we can't determine a unit price for a business day on the following business day due to an unforeseeable event (such as a trading suspension in relevant markets), we take all reasonable steps to make a determination as soon as possible after that day.

For more information on unit pricing, please see the **PSSap product disclosure statement**.



Eligible rollover fund

If you become a lost member, we may move your super to an eligible rollover fund (ERF).

To be considered a lost member, you must have joined the PSSap more than two years ago, and:

- > had no contributions or transfers made to your account in the last five years (meaning that you are an inactive member), or
- > have changed address without telling us or we have been unable to contact you.

If you become a lost member, we may move your super to an ERF. The fund we use is AUSfund, Australia's Unclaimed Super Fund. If your super is moved to AUSfund, a number of things will happen:

- > your PSSap membership and insurance cover will cease
- > you'll become a member of AUSfund and be subject to its governing rules
- > you'll need to apply directly to AUSfund to access your benefit
- > you won't be able to make contributions to AUSfund
- > you'll have no investment choice, and the trustee of AUSfund will nominate your investment strategy
- > AUSfund will attempt to ensure your benefit isn't eroded by fees and charges, but some fees and charges may apply.

For more information about AUSfund, including a copy of its product disclosure statement, call **1300 361 798**, visit www.unclaimedsuper.com.au or write to:

AUSfund
PO Box 2468
Kent Town SA 5071

In accordance with superannuation law, we'll pass on any personal information required by AUSfund to establish your account.

Superannuation surcharge tax

The Australian Government abolished the superannuation surcharge tax from 1 July 2005. Surcharges relating to periods before 1 July 2005 will continue to be assessed and payable. It is possible that super you have in other funds may have incurred a surcharge debt before 1 July 2005.

The surcharge was a tax on employer and salary sacrifice contributions for members who had adjusted taxable incomes equal to or greater than a level set by the government from time to time. In some cases, surcharges can also be payable where a person has not supplied their tax file number (TFN).

If this is the case, once the amount has been identified as a surcharge debt, it will be deducted from your super account and paid to the Australian Taxation Office (ATO) in accordance with the law.



Investments

2010/11 investment performance summary

In the 2010/2011 financial year, the PSSap Trustee Choice option posted a net return of 7.3%. Performance has been strong, considering the multiple challenges faced by markets during the past financial year, such as the earthquake and tsunami in Japan, European sovereign debt worries, and locally, the NZ earthquakes and the Queensland floods.

Listed Australian equities finished up 11.9%, due to strong gains in materials, industrials and utilities. ARIA's passive exposure to listed international equities rose by 14.5% in hedged terms. In unhedged terms, returns were lower at 2.7%, due to the rise in the Australian dollar. Investment-grade credit rose by 7.6% in hedged terms.

Other sectors performed well over the year, the strongest being our alternatives and inflation-linked fixed income sectors, with strong double-digit returns. Our property investments again did well, returning 8.4% over the financial year.

The PSSap Trustee Choice option achieved an average net return of 0.2% per annum over the three years to 30 June 2011. The average net return over the past five years is 2.8% per annum.

The PSSap Cash option posted a net return of 4.2% for the 2010/2011 financial year. This is in line with its target objective, once the impact of tax is taken into account.

Our other pre-mixed, diversified options performed strongly in line with their risk exposures. The Aggressive option achieved a net return of 7.9%, while the Balanced option returned 6.7% and the Conservative option returned 6.4%, reflecting lower exposures to equity markets.

The single asset class options of PSSap performed as expected. Solid returns were recorded by the Australian shares, Sustainable, and International shares options.



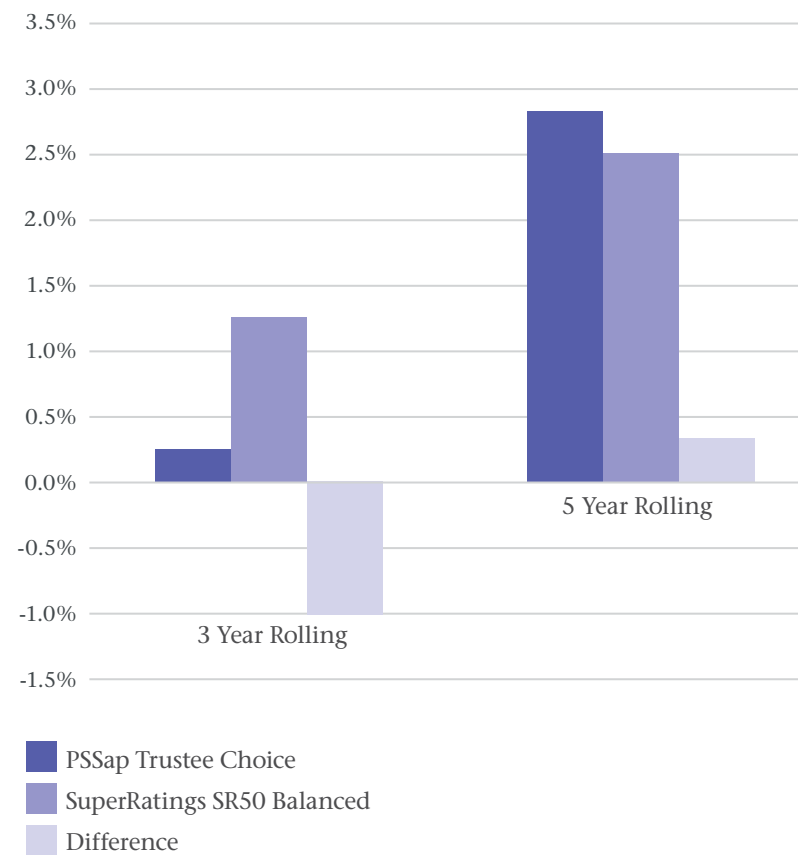


Funds under investment management for the total fund (\$m)	
30 June 2010	30 June 2011
1,942	2,761

Investment option performance summary		
Investment option	1 year to 30 June 2011	5 years to 30 June 2011
Trustee Choice	7.3%	2.8%
Conservative	6.4%	4.0%
Balanced	6.7%	3.7%
Aggressive	7.9%	2.5%
Cash	4.2%	4.6%
Government bonds	2.1%	2.6%
Australian shares	10.3%	2.8%
International shares (unhedged)	2.3%	-3.4%
International shares	9.4%	-1.5%
Property	7.1%	7.4%
Sustainable	8.2%	1.7%

All returns are calculated as the compound average rate of earnings after fees and taxes. Be aware that long-term performance figures outlined above are for the investment options as a whole, and are not your personalised investment returns in PSSap.

PSSap's comparison to SuperRatings all-fund median



The rate of return is annualised, both for the three years and five years ending June 2011.



Changing investment strategies: making the right choice

You can choose how your super is invested by selecting from one of the PSSap's 11 investment options listed below, or you can choose to mix and match them. You can even invest your existing balance one way, and have all your future contributions invested another. The right investment strategy for you will depend upon your personal goals, financial situation and plans for the future.

Pre-mixed options – we take care of the investment mix for you	Individual asset classes – you choose the right mix
We invest these options across a range of different asset classes, such as Australian shares, fixed interest and property. Each option carries a different level of risk.	If you want to choose your own mix of investments, then these single-sector options may suit you best.
Trustee Choice	Cash
Conservative	Government bonds
Balanced	Australian shares
Aggressive	International shares (unhedged)
	International shares
	Property
	Sustainable

Before you change

See **PSSap investment option** performance on pages 15–20 where you'll find information on the investment objectives, strategies, timeframes and risk levels for all of these investment options. In addition to reviewing this information, there are some other things which financial advisers recommend that you consider before changing your investment strategy.

- 1. What is your investment timeframe?** How long do you plan to invest your money before withdrawing it for retirement?
- 2. What level of investment earnings are you hoping for?** If you're looking for a higher return, you'll need to be willing to accept a greater degree of volatility.
- 3. What level of risk are you willing to tolerate?** Different investment options carry different levels of risk, and you'll need to decide which level you're comfortable with.

Higher-risk investment options can potentially deliver a higher return for your investment over the long term, but you will need to be comfortable with higher levels of volatility and periods of negative returns. If you are this type of investor, you will tend to have a long investment time horizon.

Moderate-risk investment options can potentially deliver a higher return on your investment over the medium term, but you will need to be comfortable with moderate levels of volatility and some negative returns.

Low-risk investment options may be suitable if you don't like risk or are planning to access your super in the near future.

Before you make an investment choice, you should get advice from a licensed financial adviser and read through the **PSSap product disclosure statement** at www.pssap.gov.au.



Making the switch

If you decide you'd like to change your investment strategy, you can log on to **Your account**, download an **Investment choice form** at www.pssap.gov.au, or call 1300 725 171.

You can make two free investment choice switches in each financial year, while a fee of \$20 will apply for each additional switch.

Once you've changed your investment strategy, you should keep a close eye on your investments to see if you have made the right choice for you, particularly if you've created your own portfolio using individual asset class options.



Investment managers

ARIA works with leading investment managers to make sure that your super is well-managed.

Our policy on derivatives

Investment managers who enter into an investment management agreement with ARIA may use derivative securities (known as derivatives) to facilitate increases or decreases in the fund's exposure to different investment markets. Derivatives are financial instruments whose value changes in response to the changes in underlying variables. Examples include futures, options and forward exchange contracts.

Derivatives within investment mandates are mainly used to reduce risk for you. Our investment managers are not permitted to use derivative securities for gearing the fund or any part of the fund, or for placing the fund in a position where it is short an asset class.

The investment mandates we grant to our investment managers, allowing them to use derivatives, reflect the policy for the fund as a whole. If ARIA's investment managers are permitted to use derivative securities, the limits will be clearly set out in the mandate. ARIA's internal investment team (and custodian) monitor whether derivative use is consistent with ARIA's policy.

If you would like more information about our derivatives policy, call ARIA on 02 6263 6999.

PSSap Trustee Choice investment managers 2010/11:

- > Alleron Investment Management Limited
- > Arcadia Funds Management Limited
- > Balanced Equity Management Pty Limited
- > Bridgewater Associates, Inc
- > Citigroup Global Markets Australia Pty Ltd
- > Colchester Global Investors Limited
- > Eureka Funds Management Company
- > Goldman Sachs & Partners Australia





- > Integrity Investment Management Limited
- > JCP Investment Partners Limited
- > Macquarie Investment Management Limited
- > Marathon Asset Management Limited
- > Marvin & Palmer Associates Inc
- > Merrill Lynch (Australia) Futures Ltd
- > Paradice Investment Management Limited
- > PIMCO Australia Pty. Ltd.
- > Rogge Global Partners PLC
- > Solaris Investment Management Limited
- > State Street Global Advisors Limited
- > Stone Harbor Investment Partners LP
- > Vanguard Investment Australia Limited
- > Wellington International Management Company Pte Limited



PSSap investment option performance

Pre-mixed investment options

Trustee Choice	
Investment objective	To outperform the Consumer Price Index (CPI) by at least 4.5% per annum over the medium to long term.
Investment strategy	The strategic asset allocation of the Trustee Choice option is designed to maximise the number of different types of investments that tend to perform independently of each other. By embracing the benefits of diversification, Trustee Choice tries to reduce its reliance on equity market returns and therefore provide a smoother pattern of long-term returns.
Fund performance	The Trustee Choice investment option returned 7.3% after tax and fees in 2010/11.
	Investment return (after tax and fees)
	2006/07 16.5%
	2007/08 -2.0%
	2008/09 -13.8%
	2009/10 8.9%
	2010/11 7.3%
	5yr compound annual return: 2.8%

Trustee Choice (cont.)			
Investment time frame	Medium to long		
Risk level	Moderate to high		
Asset allocation	Asset	30 June 10	30 June 11
	Australian equity	27.2%	26.5%
	International equity	27.4%	28.6%
	Long/short equity funds	2.3%	1.8%
	Real assets	14.3%	12.8%
	Alternatives	11.9%	13.9%
	Fixed income	12.0%	11.6%
	Cash	4.9%	4.8%



Conservative			
Investment objective	To outperform the Consumer Price Index (CPI) by 3% per annum over the medium to long term.		
Investment strategy	The strategic asset allocation of the Conservative investment option is designed to maximise the benefits of diversification within the constraint of having a range of 20-30% exposure to growth assets and having no exposure to market neutral and long/short equity strategies considered inappropriate for a conservative strategy.		
Fund performance	The Conservative investment option returned 6.4% after tax and fees in 2010/11.		
	Investment return (after tax and fees)		
	2006/07	9.1%	
	2007/08	0.8%	
	2008/09	-4.2%	
	2009/10	8.3%	
	2010/11	6.4%	
	5yr compound annual return:	4.0%	
	Investment time frame	Short to medium	
Risk level	Low		
Asset allocation	Asset	30 June 10	30 June 11
	Australian equity	11.7%	12.2%
	International equity	8.9%	9.2%
	Long/short equity funds	–	–
	Real assets	6.0%	6.0%
	Alternatives	–	–
	Fixed income	43.3%	42.7%
	Cash	30.1%	29.9%

Balanced			
Investment objective	To outperform the Consumer Price Index (CPI) by 4% per annum over the medium to long term.		
Investment strategy	The strategic asset allocation of the Balanced investment option is designed to maximise the benefits of diversification within the constraint of having a balance between growth and defensive assets.		
Fund performance	The Balanced investment option returned 6.7% after tax and fees in 2010/11.		
	Investment return (after tax and fees)		
	2006/07	12.2%	
	2007/08	0.6%	
	2008/09	-8.6%	
	2009/10	9.0%	
	2010/11	6.7%	
	5yr compound annual return:	3.7%	
	Investment time frame	Medium to long	
Risk level	Moderate		
Asset allocation	Asset	30 June 10	30 June 11
	Australian equity	15.3%	15.8%
	International equity	14.2%	14.7%
	Long/short equity funds	4.0%	4.0%
	Real assets	12.1%	11.9%
	Alternatives	20.1%	19.9%
	Fixed income	24.2%	23.8%
	Cash	10.1%	9.9%



Individual asset class investment options

Aggressive			
Investment objective	To outperform the Consumer Price Index (CPI) by 5% per annum over the medium to long term.		
Investment strategy	The strategic asset allocation of the Aggressive investment option is designed to maximise the benefits of diversification within the constraint of having a range of 75-85% exposure to growth assets.		
Fund performance	The Aggressive investment option returned 7.9% after tax and fees in 2010/11.		
	Investment return (after tax and fees)		
	2006/07	20.0%	
	2007/08	-5.2%	
	2008/09	-16.8%	
	2009/10	11.0%	
	2010/11	7.9%	
	5yr compound annual return:	2.5%	
Investment time frame	Long		
Risk level	High		
Asset allocation	Asset	30 June 10	30 June 11
	Australian equity	37.0%	37.5%
	International equity	30.6%	30.9%
	Long/short equity funds	–	–
	Real assets	15.2%	14.8%
	Alternatives	8.1%	7.9%
	Fixed income	6.1%	5.9%
	Cash	3.0%	3.0%

Cash		
Investment objective	Before the payment of tax, to match the return from the UBS Australian Bank Bill Index.	
Investment strategy	The fund's investment manager holds a diversified portfolio of Cash investments, including bank deposits, Australian dollar-denominated money market securities, and interest rate futures and options traded on the Sydney Securities Exchange. This allows the fund to capture the returns generated by the Australian cash market.	
Fund performance	The Cash investment option returned 4.2% after tax and fees in 2010/11.	
	Investment return (after tax and fees)	
	2006/07	5.2%
	2007/08	5.9%
	2008/09	4.5%
	2009/10	3.4%
	2010/11	4.2%
	5yr compound annual return:	4.6%
Investment time frame	Short	
Risk level	Low	
Asset allocation	100% cash	



Government bonds (previously Bonds/Fixed Interest)		
Investment objective	Before the payment of tax, to at least match the performance of the Barclays Global Treasury GDP Weighted by Country Index.	
Investment strategy	Investing in Government bonds basically means your money is lent to governments wishing to raise capital. Generally in return, you receive a fixed rate of interest, until the bond matures and the amount invested is repayable. ARIA invests in those government bonds listed on the Barclays Global Treasury GDP Weighted by Country Index. This is a comprehensive government bond index made up of over 1,000 bond series issued by governments with relatively well-developed bond markets.	
Fund performance	The Government bonds investment option returned 2.1% after tax and fees in 2010/11.	
	Investment return (after tax and fees)	
	2006/07	3.0%
	2007/08	2.8%
	2008/09	-2.2%
	2009/10	7.5%
	2010/11	2.1%
	5yr compound annual return:	2.6%
Investment time frame	Short to medium	
Risk level	Low to moderate	
Asset allocation	100% fixed income	

International shares (unhedged)		
Investment objective	Before the payment of tax, to at least match the return of the MSCI World (excluding Australia) Index.	
Investment strategy	The fund's investment managers hold diversified portfolios of international equities. The foreign currency exposure associated with those holdings is not hedged back into Australian dollars. This allows the fund to capture the returns generated by equity instruments in those markets and also the returns (both positive and negative) that come from movements in exchange rates.	
Fund performance	The International shares (unhedged) investment option returned 2.3% after tax and fees in 2010/11.	
	Investment return (after tax and fees)	
	2006/07	11.4%
	2007/08	-13.9%
	2008/09	-19.5%
	2009/10	6.7%
	2010/11	2.3%
	5yr compound annual return:	-3.4%
Investment time frame	Long	
Risk level	High	
Asset allocation	100% international shares (unhedged)	



International shares		
Investment objective	Before the payment of tax, to at least match the return of the MSCI World (excluding Australia) Index with a hedging ratio determined by the Trustee.	
Investment strategy	Investing in International shares is like investing in Australian shares except that the companies are selected from those listed on international stock markets rather than the Australian stock market. Foreign currency exposure is managed through hedging against Australian dollars. The level of hedging is determined by ARIA and may vary from time to time. This option will usually be less exposed to currency fluctuations than the International shares (unhedged) option, although a portion of your investment will still be subject to currency risk.	
Fund performance	The International shares investment option returned 9.4% after tax and fees in 2010/11.	
	Investment return (after tax and fees)	
	2006/07	21.5%
	2007/08	-9.7%
	2008/09	-30.5%
	2009/10	11.1%
	2010/11	9.4%
	5yr compound annual return:	-1.5%
Investment time frame	Long	
Risk level	High	
Asset allocation	100% international shares	

Australian shares		
Investment objective	Before the payment of tax, to at least match the performance of the ASX 300 Index.	
Investment strategy	The fund's investment managers hold diversified portfolios of Australian equities. This allows the fund to capture the returns generated by Australian equity instruments in those markets.	
Fund performance	The Australian shares investment option returned 10.3% after tax and fees in 2010/11.	
	Investment return (after tax and fees)	
	2006/07	25.8%
	2007/08	-14.5%
	2008/09	-14.6%
	2009/10	13.1%
	2010/11	10.3%
	5yr compound annual return:	2.8%
Investment time frame	Long	
Risk level	High	
Asset allocation	100% Australian shares	



Property		
Investment objective	Before the payment of tax, to outperform the Consumer Price Index (CPI) by 5% per annum over the medium to long term.	
Investment strategy	The fund's investment managers hold diversified portfolios of primarily industrial, office and retail properties in Australia. This allows the fund to capture the returns generated by the Australian property market.	
Fund performance	The Property investment option returned 7.1% after tax and fees in 2010/11.	
	Investment return (after tax and fees)	
	2006/07	17.7%
	2007/08	13.1%
	2008/09	-1.8%
	2009/10	1.6%
	2010/11	7.1%
5yr compound annual return:	7.4%	
Investment time frame	Long	
Risk level	Moderate	
Asset allocation	100% property	

Sustainable		
Investment objective	Before the payment of tax, the fund seeks to capture the performance of Australia's Sustainability Leaders with a well diversified portfolio with risk and return characteristics similar to the broader Australian share market (as represented by the S&P ASX 200 index).	
Investment strategy	Investing in the Sustainable option means you are investing in companies that lead their industry peers in terms of sustainable business practice ('Australian Sustainable Leaders'). The option seeks to capture the performance of Australia's Sustainability Leaders with a well-diversified portfolio that has expected risk and total return characteristics similar to the broader Australian share market (as represented by the S&P/ASX 200 Index). The portfolio holds securities included in the Australian Sustainable Asset Management (SAM) Sustainability Index (the AuSSI). SAM selects approximately 70 stocks for inclusion in the AuSSI from a universe of 200 of Australia's largest listed companies.	
Fund performance	The Sustainable investment option returned 8.2% after tax and fees in 2010/11.	
	Investment return (after tax and fees)	
	2006/07	24.2%
	2007/08	-12.1%
	2008/09	-17.4%
	2009/10	11.3%
	2010/11	8.2%
5yr compound annual return:	1.7%	
Investment time frame	Long	
Risk level	High	
Asset allocation	100% sustainable	



Who's who: Your trustees in 2010/11



Tony Hyams
Chairman
(independent)
Appointed
21 December 2009
to 25 November
2012



Peter Feltham
Trustee
(ACTU nominated)
Appointed 1 July
2005, reappointed
to 17 July 2012



**Margaret
Gillespie**
Trustee
(ACTU nominated)
Appointed
1 October 2007,
resigned
13 May 2011



Winsome Hall
Trustee
(ACTU nominated)
Appointed 1 July
1996, reappointed
to 30 September
2013



Dennis Trewin AO
Trustee
(employer
nominated)
Appointed
20 December 2007,
reappointed, and
term completed on
30 June 2011



Brian Daley
Trustee
(employer
nominated)
Appointed
19 March 2009,
term completed on
30 June 2011



Tony Cole AO
Trustee
(employer
nominated)
Appointed
16 December 2010
to 5 December
2013

Full biographies for each of the trustees can be found at www.aria.gov.au.

For details of the procedure for trustee appointments and terminations, please visit online **The ARIA Team** in the **About us** section at www.aria.gov.au.

David Irons acted as a trustee in accordance with the PSS Trust Deed and the Instrument of Appointment dated 25 July 2006.

The trustees manage the PSSap and invest the funds in accordance with the law and relevant regulatory requirements. All trustees are appointed in writing by the Minister for Finance and Deregulation.

ARIA and individual trustees are covered by indemnity insurance to protect themselves and the PSSap from losses arising from certain claims against them. To date, there has never been a claim against ARIA or a trustee that has resulted in the loss of members' monies, nor have any regulatory penalties been imposed.



Financial statements

Public Sector Superannuation accumulation plan unaudited financial accounts for 2010/11

Operating Statement for the year ended 30 June 2011	2011 \$000
Revenue	
Interest on cash at bank	6,091
Changes in net market value of investments	145,937
Employer contributions	705,929
Member contributions	12,263
Transfer from other funds	149,032
Government co-contributions	1,484
Insurance proceeds	12,832
Total revenue	1,033,568
Insurance premium expense	(23,135)
Superannuation contributions (surcharge) tax	(3)
Income tax expense	(104,598)
Benefits accrued for the year as a result of operations	905,832
Less: benefits and transfers paid	88,387
Net increase in net assets available to pay benefits	817,445
Net assets available to pay benefits 30 June 2010	1,956,658
Net assets available to pay benefits as at 20 June 2011	2,774,103

Assets and liabilities as at 30 June 2011	2011 \$000
Assets	
Investments	2,762,802
Cash at bank	120,450
Other assets	761
Total assets	2,884,013
Liabilities	
Benefits payable	(3,428)
Sundry creditors	(2,069)
Provision for tax	(104,413)
Total liabilities	(109,910)
Net assets available to pay benefits	2,774,103

Notes:

Expenses relating to member administration are borne by the Plan's administrator and Trustee from fees received from participating employers.

Expenses relating to investment management are borne by the underlying investments of the Plan.

These are PSSap's unaudited accounts for 2010/11. If you would like to see a copy of the PSSap audited accounts for this or any other year – and the related auditor's reports – please see our Annual Report to Parliament which is published in October and is available at www.aria.gov.au.

The value of investments shown above varies from the [Funds under investment management](#) for the total fund as shown on page 10 due to the different timing of the investment valuations used.



Contact PSSap

For all the information you need to make smart choices about your super, visit www.pssap.gov.au

On our website you'll find:

- > the PSSap product disclosure statement
- > a handy glossary of terms
- > forms and publications to change your investments or learn more about your options
- > news and information
- > **Your account**, where you can use your secure access number to:
 - check your balance and transaction history
 - make additional contributions via BPAY
 - select your investment options
 - view your nominated beneficiaries
 - update your address and contact details
 - use calculators to help keep your super investment on track
 - register for an online Member Statement
 - view and print your Member Statement.

If you have lost or forgotten your secure access number, you can use your secret questions and answers to re-set it. If you need help to do this, please don't hesitate to contact us.

-  www.pssap.gov.au
-  members@pssap.gov.au
-  1300 725 171
- TTY: 02 6272 9827
-  1300 662 406
-  PSSap Member Services
PO Box 22
Belconnen ACT 2616

If you would like more information about your fund's investments and governance, you can also contact ARIA in one of the following ways:

-  www.aria.gov.au
-  secretary@aria.gov.au
-  02 6263 6999
-  02 6263 6900
-  ARIA
GPO Box 1907
Canberra ACT 2601