

MEET Peter

*He and the team
are looking after
you and your super.*

**2015
ANNUAL
REPORT TO
MEMBERS**



Contents

Chair and CEO's report	2
Governance statement	5
Trust Deed	6
Board of Directors	9
Management and staff	12
Organisational structure	13
Investments	15
Accumulation Benefits Fund	16
Defined Benefits Funds	21
Market update	22
Fees and other costs	24
Additional explanation of fees and costs	24
Investment managers	26
Other important information	28
Abridged financial statements	29
Specialist consultants and advisors	32

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Queensland Local Government
 Superannuation Board
 ABN 94 085 088 484
 AFS Licence No. 230511
 Queensland Local Government
 Superannuation Scheme
 ABN 23 053 121 564

LGsuper - a complying fund

LGsuper was a complying super fund at all times during the 2014/15 financial year. As a complying fund, LGsuper members receive concessional tax treatment.

Disclaimer

This annual report has been produced by the Queensland Local Government Superannuation Board (ABN 94 085 088 484 AFSL 230511) (LGsuper) as Trustee of the Local Government Superannuation Scheme (ABN 23 053 121 564) and provides general information for LGsuper members.

LGsuper recommends that you should, before acting on this information, consider your own personal objectives, financial needs and situation. LGsuper recommends you consult a licensed financial advisor if you require advice that takes into account your personal circumstances. LGsuper has representatives that are authorised to provide personal advice on LGsuper products and superannuation in general.

The information in this document is up to date at the date of preparation of the document. Some of the information may change following its release. If the change is not significant we may not update the document immediately. Current information about investment performance and other issues will be published on our website and in our newsletters. We will send you a free printed copy at your request.

Where there is an inconsistency between this document and the Fund's rules as per the LGsuper Trust Deed and Government regulations, the rules in the Trust Deed and Government regulations shall prevail.

This year we'd like to introduce you to the staff who work behind the scenes to look after you and your super. From us to you, here is the 2015 Annual report.



MEET Anita

She makes everyone feel welcome when they visit the LGsuper office.

Chair and CEO's report



MEET
Bronwyn, our Chair,
and David, our CEO.
*Together they lead the
LGsuper team.*

On behalf of the LGsuper Board of Directors, it is our pleasure to present the 2015 annual report.

Looking after members and employers

Over the past year we continued to visit workplaces and communities around Queensland. We held 299 seminars where we connected with 6,050 members, and our *Planning for retirement* and *All about pensions* seminars helped members understand the paths to retirement and beyond. In addition, as part of our advice services we held 2,400 member interviews both in our office and in regional locations.

LGsuper's insurance arrangements were reviewed during the year, and after a competitive tender process, OnePath was reappointed as the fund's insurer effective from 1 July 2015. With insurance claims and payouts rising across the industry, many super funds have increased their group premiums. For the first time since July 2012, LGsuper's insurance premiums also increased, although members can be assured we negotiated the best possible deal to limit the extent of these increases.

New interactive tools

We've listened to our members and produced new tools to help improve their super savings. Our series of videos help members learn how to grow and consolidate super, transition to retirement, and salary sacrifice. We also developed a performance graph tool to provide a visual representation of how our investment options have performed over time. More recently we launched our online transfer tool so members can combine their super into LGsuper in less than five minutes without the need to complete paperwork.

High member satisfaction reflected in market research

In 2014 we commissioned a study to gauge member satisfaction. Without identifying LGsuper as the study sponsor, more than 1,000 randomly selected Queenslanders were asked how satisfied they were with the products and services they received from their super fund. Independent researchers surveyed members of many funds, including QSuper, AustralianSuper, Sunsuper and AMP. The outcome was even better than we expected, with LGsuper found to be the highest performing fund rated in the study. Overall, 97% of members surveyed rated us as excellent, good or adequate, with 28% rating us as excellent and 49% rating us as good.

LGsuper leads the way with best practice governance

Strong governance is critical for the Board to successfully oversee the fund and its activities. That's why in 2013 LGsuper became the first profit-for-members super fund to voluntarily adopt a board structure of one third independent directors, as proposed in draft legislation.

LGsuper's nine-member Board includes an equal mix of independent directors, member representative directors and employer representative directors. Each independent director has their own set of specialist skills, and the additional finance, investment and actuarial experience they bring to the table make our already strong board even stronger.

On September 30 2014 we farewelled Brian Roebig, who became LGsuper's first independent Chairman in 1995. We thank Brian for his very substantial contribution over 19 years leading LGsuper, and wish him all the best for the future.

Awards and industry recognition

Over the past year LGsuper was recognised among Australia's top super funds. In November we were named finalists in the SelectingSuper Awards for Workplace Super Product of the Year (value choice) and MySuper product of the year. The criteria for these awards included investment performance, insurance, price value, communications, administration and menu range. As a nominee, LGsuper was independently assessed and recognised as one of the nation's best performing super funds across the criteria.

Once again LGsuper's MySuper, superannuation and pension products were awarded a platinum rating by independent ratings agency SuperRatings. 2015 was the seventh consecutive year our superannuation and pension products were awarded a platinum rating, which is only awarded to the top funds in each category.

As well as being recognised for our achievements, we also took the opportunity to recognise someone who has gone beyond the call of duty in providing service to their council and community by sponsoring the Local Government Managers Australia Queensland Above and Beyond Award. We would like to congratulate Allan Hazell, who won the award for his outstanding achievements and contribution to the Noosa Council.

We encourage you to take a few minutes to read this annual report, and as always, if you have any questions about your super, our friendly and knowledgeable team are here to help.

Looking ahead

In 2015 LGsuper celebrates 50 years of looking after our members and their super. In our 50th year we are dedicated to the following priorities:

- Assisting employers in complying with the new SuperStream data payment standards
- Pursuing digital solutions for members including personalised video statements, new calculators for extra contributions and retirement projections, and a new responsive website for a better user experience from mobile and tablet devices
- Providing superior member experiences and maintaining our value-for-money position for members
- Holding more seminars for members, with a focus on the investment landscape and potential performance outcomes.

Bronwyn Morris
Independent Director and Chair

David Todd
Chief Executive Officer

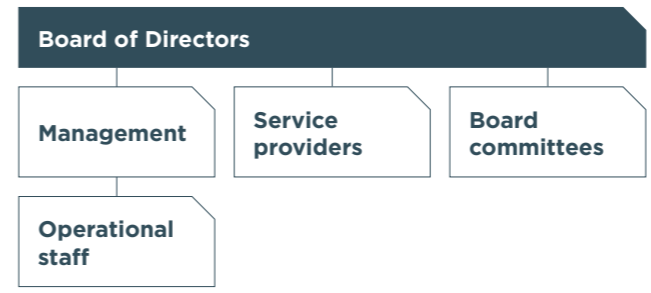
MEET Drew, Renuka and John from our Education and Advice teams.

They work closely with members to find the best super solution for every situation.



Governance statement

The Queensland Local Government Superannuation Board (Board) is established under section 208 of the *Local Government Act 2009* (LGA) as a body corporate. Its function under section 209 of the LGA is to act as trustee of the Local Government Superannuation Scheme (LGsuper).



Governance structure

The Board functions through a Board of Directors as provided under section 210 of the LGA which further provides that the Board of Directors:

1. is responsible for how the Board performs its responsibilities
2. must ensure that the Board performs its responsibilities in a proper, effective and efficient way.

The Board's functions, responsibilities and powers are further defined through:

- LGsuper's Trust Deed
- the Board's Charter
- the Board's Fit and Proper policy.

Under the Trust Deed, the composition of the Board of Directors is:

- a) three people appointed on the nomination of LGAQ Ltd
- b) three people appointed on the nomination of members of LGsuper, and
- c) three independent directors appointed by the Board.

The methodology for the appointment of the directors is given in the Trust Deed, in particular:

- employer and member representative directors are appointed for 4-year terms
- member representative directors are appointed following an election by LGsuper members
- independent directors are appointed by the Board with the term of appointment being determined by the Board up to a maximum of 4 years
- a director can be removed in the same way they were appointed or if they fail to meet strict requirements under superannuation legislation.

Trustee liability insurance

Like most trustees, the Board has obtained trustee liability insurance. This insurance protects LGsuper from losses that might result from wrongful acts of the Board, its directors or its staff.

Governance statement (cont.)

Board remuneration policy

Goals

LGsuper's goal is to provide members with high quality, value for money superannuation services. To provide exceptional, professional services the Board must attract and maintain quality staff. The Board's remuneration policy aims to achieve this.

The Board considers that paying remuneration at market rates, providing challenging work and opportunities for staff to develop personally to be 'the best they can be' will achieve this goal. Incentive payments are only utilised to recognise exceptional performance of staff below manager level.

The Board undertakes annual assessments of itself and its staff to determine:

- whether it has the skills necessary to continue to manage members' retirement savings
- whether it is providing exceptional service to members, through the comparison of performance against key performance indicators
- the professional development needs of its directors and staff.

Independent remuneration consultant

The Board utilises the services of an independent consultant, McGuirk Management Consultants (McGuirk), to provide surveys of market salary rates and advice on remuneration practices. McGuirk specialises in remuneration for super funds and financial services organisations in Australia.

Director and management remuneration

Director and management remuneration is reviewed against market rates every two years with salaries being indexed to AWOTE for intervening years.

Staff remuneration

Staff remuneration is reviewed against market rates each year to ensure they are being paid at competitive rates. An incentive scheme is paid annually, subject to a review of performance against team and organisation key performance indicators.

Trust Deed

Amendments were made to the Trust Deed during the 2014/15 financial year, including to:

- reduce the maximum tenure of directors from 20 years to 12 years
- enable the Board to use an electronic system for meeting papers for resolutions passed outside the Board meetings
- discontinue failure of health benefits for all members, excluding Regional Defined Benefit Fund members.



MEET Sam, Bernadette and John from our Marketing and Communications and IT teams.
They bring you the information you need, when you need it.

Board of Directors

The Board's structure aligns with draft legislation that will require boards of APRA-regulated super funds to have an independent chair and at least one-third independent directors on trustee boards. LGsuper is the first profit-for-members super fund to voluntarily adopt this board structure.



MEET Peter and Sarina.
They're part of our Information team, and are always ready to answer your questions when you make a call to us.

At 30 June 2015 the Board comprised:

- three member representatives elected by LGsuper members, effective from 1 July 2014
- three employer representatives appointed by the LGAQ, effective from July 2014
- three independent directors appointed by the Board.

Farewell and thank you to Brian Roebig OAM

On 30 September 2014, Brian Roebig retired from his position as Independent Director and Chairman after 19 years of dedicated service at the helm of LGsuper. Under Brian's leadership, LGsuper grew from \$702 million in funds under management and 31,500 members to \$8.5 billion in funds and almost 90,000 members. He was responsible for guiding LGsuper's merger with City Super, introducing the ability for non-local government employers to contribute to LGsuper and introducing a more diversified and efficient investment portfolio. This long list of achievements is testament to Brian's leadership, vision and commitment to delivering strong retirement outcomes for members. Independent Director Bronwyn Morris was appointed to the position of Chair from 1 October 2014.

Independent Director and Chair

Bronwyn Morris

Director

Member, Audit and Risk Management Committee

Member, Remuneration, HR and Nominations Committee

Bronwyn Morris became an LGsuper director in December 2013 and Chair from 1 October 2014. She has 18 years' experience as a non-executive director, including roles as Chairman and Chair of various committees. She is a Chartered Accountant with 20 years' experience at KPMG and is the current Chairman of RACQ Limited's Governance and Remuneration Committee and Deputy Chairman and Chairman of Finance, Audit and Risk Committee at Children's Health Foundation Queensland. Bronwyn holds a Bachelor of Commerce (Accounting), is a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors, and a Member of Chief Executive Women.

Board of Directors (cont.)

Independent directors



John Smith

Director

Chair, Audit and Risk Management Committee

Member, Investment Committee

John Smith commenced his role as an LGsuper director in December 2013. He is a qualified actuary with 30 years' experience providing technical and strategic advice to large superannuation funds and corporations. John is a former Director and Consulting Actuary with the Heron Partnership, and has served as Director, Executive Director and senior Consulting Actuary for other organisations within the finance industry. He was Chair of the Superannuation Policy Committee for a major international conglomerate, holds a Bachelor of Arts (Statistics) and is a Fellow of the Institute of Actuaries of Australia.

John Wilson

Director

Chair, Investment Committee

John Wilson was appointed as an LGsuper director in December 2013, and has over 20 years' investment management experience in Australia and overseas. He is a former Chairman and Managing Director of global investment solutions provider PIMCO Australia, and former Head of PIMCO's US Institutional Business Group and Global Consultant Relations Group. John holds a Bachelor of Arts (History), a Bachelor of Laws, a Masters in Laws, and is a Member of both the Australian Institute of Company Directors and the Financial Industry Regulatory Authority (USA).

Member representatives



Noel Cass

Director

Member, Remuneration, HR and Nominations Committee

Member, Investment Committee

Noel Cass has been a director since 1 July 2008 and had previously been an LGsuper director from 1995 to 2004. Noel has more than 40 years' experience working in local government, including 36 years as a chief executive officer. Noel retired from his position as Chief Executive Officer of Jondaryan Shire Council in 2008. He has formal qualifications in local government administration, accounting and environmental health.

Fiona Connor

Director

Member, Audit and Risk Management Committee

Fiona Connor has been a director since 1 July 2001 and was previously employed by LGsuper from 1990 to 1999. Fiona has a Bachelor of Business (Public Sector Management), a Certificate in Governance Practice and Administration and a Diploma of Financial Services (Superannuation). She is also a Graduate Member of the Australian Institute of Company Directors and a Member of the Governance Institute of Australia.

Employer representatives



Ron Curtis

Director

Chair, Remuneration, HR and Nominations Committee

Member, Investment Committee

Ron Curtis has been an LGsuper director since 1 July 2011, and was a member representative director of City Super from 2005. He served as Chair of City Super from 2009 to 2011, and also served on numerous City Super committees. Ron's experience as a representative on superannuation fund boards spans back to 1988, and he has been a Brisbane City Council employee in the Industrial Relations area since 2002. Ron has completed various courses through the Australian Institute of Company Directors and the Australian Institute of Superannuation Trustees, and is a Member of the Association of Superannuation Funds of Australia.

Cr Margaret de Wit

Director

Cr Margaret de Wit became an LGsuper director on 1 June 2013 and is President of the Local Government Association of Queensland (LGAQ). She has been a Councillor with Brisbane City Council since 1997, and has held several positions there, including her current role as Chairman. Margaret is also on the Board of the Australian Local Government Association (ALGA). Margaret's career also includes 20 years at Telecom Australia (now Telstra) and several years in the not-for-profit sector. She holds a Graduate Diploma of Business Administration and a Diploma of Financial Planning, and is a Graduate of the Australian Institute of Company Directors.

Ian Leckenby

Director

Member, Investment Committee

Member, Remuneration, HR and Nominations Committee

Ian Leckenby became an LGsuper director in July 2014. He has held several positions in the Queensland Government and was Director of the Business Support Branch for LGAQ. Ian is the current Chairman of Local Buy Pty Ptd and Director of Local Government Mutual, Local Government Workcare and Propel Partnerships, as well as the Principal of Ian Leckenby Consulting. He holds a Bachelor of Commerce, a Diploma from the Australian Institute of Company Directors and a Certificate IV in Assessment and Workplace training.

Cr Peter Matic

Director

Member, Audit and Risk Management Committee

Cr Peter Matic has been a director at LGsuper since July 2014. He has been the Brisbane City Councillor for Toowong Ward since he was first appointed in 2007 and elected in 2008. Peter has held various positions with Brisbane City Council (BCC) and is the current Chairman of the Public and Active Transport Committee. His other current roles include BCC representative on the LGAQ Policy Executive and Director on the Board of South East Queensland Catchments. Peter has 10 years of experience as a solicitor, and holds a Bachelor of Arts, a Bachelor of Laws and a Master of Laws as well as being a Member of the Australian Institute of Company Directors.

Management and staff

The Chief Executive Officer reports to the Board of Directors on delegated responsibilities for the administration and operation of LGsuper. The Scheme Secretary and Deputy Chief Executive Officer, General Manager Operations and Chief Financial Officer assist him in this role.

At 30 June 2015 LGsuper had 74 staff.



Chief Executive Officer

David Todd

David Todd has been the CEO since 2006. Prior to this he was the Chief Manager Investments from 2005. David's previous roles include General Manager Investments for Reinsurance Australia/ Calliden (1994 to 2004), General Manager Treasury for TNT (1983 to 1994) and various accounting positions in Australian companies. David has a Bachelor of Commerce (Accounting, Finance and Systems), is a member of CPA Australia and is a Certified Senior Treasury Professional (Finance and Treasury Association). David is a Responsible Manager under the Board's Australian Financial Services (AFS) licence and a Responsible Person under the Registrable Superannuation Entity (RSE) licence.

Scheme Secretary and Deputy Chief Executive Officer

Ian Harcla

Ian Harcla has been the Scheme Secretary and Deputy CEO since 2006. Ian's previous roles include General Manager of the Queensland Coal and Oil Shale Mining Industry Superannuation Fund (1989 to 2005) and various audit positions with the Queensland Audit Office. He has a Bachelor of Business (Accounting), a Graduate Diploma in Management and a Graduate Diploma in Applied Finance and Investment. Ian is a Fellow of the Association of Superannuation Funds of Australia (ASFA), a member of CPA Australia and a Graduate Member of the Australian Institute of Company Directors. He is a Responsible Manager under the Board's AFS licence and a Responsible Person under the RSE licence.

General Manager Operations

Timothy Willmington

Timothy Willmington has been the General Manager Operations since 2006 and has held various positions with LGsuper since 1989. Previously, he was employed by QSuper (1986 to 1989). Tim has a Bachelor of Business (Management and HRM), a Diploma of Financial Services (Superannuation), an Associate Diploma of Superannuation Management and is a Fellow of ASFA. He is a Responsible Manager under the Board's AFS licence and a Responsible Person under the RSE licence.

Chief Financial Officer

Peter Gamin

Peter Gamin was appointed Chief Financial Officer in 2013. His key responsibility is to manage the financial operations of the Board and LGsuper. Peter's previous roles include Head of Corporate Finance, Head of Fund Finance and other senior finance positions at QIC (2003 to 2012), Group Financial Accountant at Queensland Cement Limited (1995 to 2003) and Manager at KPMG (1988 to 1995). Peter has a Bachelor of Business and a Master of Commerce. He is a Fellow of the Institute of Chartered Accountants, an Associate of the Institute of Governance Australia and a Certified Senior Finance and Treasury Professional. Peter is a Responsible Person under the Board's RSE licence.

Organisational structure

Chief Executive Officer

David Todd ^{1, 2, 3 (10)}

Oversees and reports to the Board of Directors on all aspects of the administration and operation of LGsuper. Responsible for the development and implementation of investment strategy.

Scheme Secretary and Deputy Chief Executive Officer

Ian Harcla ^{1, 2, 3 (9)}

Undertakes scheme secretarial duties and responsible for corporate governance. Oversees the risk and compliance functions, including the handling of member complaints.

General Manager Operations

Timothy Willmington ^{1, 2, 3 (25)}

Responsible for administration, marketing and communications, information technology, insurance and member services and advice functions.

Chief Financial Officer

Peter Gamin ^{3 (2)}

Manages the financial operations of the Board and LGsuper. Oversees the financial and tax regulatory requirements.

Financial Controller

Fleur Perbellini ⁽¹⁾

Manager Compliance

Stuart Meekin ^{1 (4)}

Manager Administration

David Sleeman ^{1 (7)}

Tax Manager

Patrick Rochford ⁽²⁵⁾

Investment Manager

Guy Rundle ⁽⁴⁾

Project Manager

Barbara Matthews ^{1 (28)}

Manager Marketing and Communications

Lyndal Ferrari ^{1 (9)}

Manager Member Services and Advice

Rhonda Maden ^{1, 2 (4)}

Manager Member Advice

Garnett Hollier ^{1 (2)}

Manager Information Technology

Rob Fox ⁽⁸⁾

Insurance Manager

Robert Paré ⁽⁴⁾

¹ Authorised representative under Australian Financial Services Licence No. 230511

² Responsible Manager under Australian Financial Services Licence No. 230511

³ Responsible Person under the RSE Licence

Figures in brackets indicate number of completed years of service at 30 June 2015

Investments



MEET Tim, Ian, David and Peter.
They make up LGsuper's Executive team, and keep the fund running smoothly.

The Board of Directors' general investment objectives for LGsuper assets are:

- to invest the assets as permitted by the Trust Deed or by law
- to prudently manage all aspects of risk in relation to LGsuper assets, by ensuring:
 - assets are adequately diversified
 - assets have an appropriate level of liquidity
 - assets are sufficient to meet benefit payments when they fall due
 - any third party to whom investment decision-making is delegated exercises integrity, prudence and professional skill in fulfilling the investment tasks delegated to them, and the actions of the third party are fully accountable to the Board.

The Board of Directors holds the following beliefs:

- Our primary objective is to provide a secure source of retirement income for LGsuper members. The Board adheres to the principles of capital market theory which maintain that over the long term, prudent investment risk-taking is rewarded with incremental returns. So, while capital preservation is important, the Board regards prudent risk-taking as justifiable.
- Our main goal is to set an appropriate level of investment risk, and then subject to this, create value by maximising the return per unit of risk. For the accumulation section, the primary risk measure is defined as the volatility of returns. Peer group risk (i.e. the risk of underperforming other superannuation funds of a similar nature) is assessed as a secondary measure. For the defined benefit section, risk is defined relative to the liabilities.
- Strategic asset allocation is the primary determinant of LGsuper returns. It is set with reference to an asset model that factors in long-term expected return and risk characteristics.
- Other things being equal, a strategy that comprises a more diverse exposure to asset class and manager risks is preferable to one with concentrated risk exposures.
- For asset classes for which assumptions are expected to be less robust, or for which there are additional important considerations such as illiquidity, a practical limit is imposed.
- For the introduction of a new asset class into the strategy to be worthwhile in terms of risk and/or return, and taking into account the overall governance, it must be awarded an allocation sufficiently large so as to have a meaningful impact on the total fund or option's expected characteristics.
- Our investment objectives are long-term in nature, and the Board does not believe it has the capability to tactically adjust the strategic allocations to asset classes or currencies to exploit short-term changes in market conditions. However, the strategic asset allocation is expected to be reviewed periodically (typically annually) to allow for significant changes to market conditions and/or long-term asset class assumptions.
- The Board recognises that markets can move outside long-term fair value ranges and will implement medium-term tilts to strategic allocation to add return/reduce risk. This dynamic approach to strategic allocation is typically over a 3 year+ time horizon.

Allocation of earnings

Earning rates on the following pages are the net investment return that applies to your account, after fees and tax, at the end of each financial year. They can be positive or negative, and is a reflection of how your investment performs.

LGsuper publishes a daily indication of performance of each of LGsuper's investment options — a daily movement percentage and a year to date performance percentage. This reflects the performance of appropriate market benchmarks from two business days earlier. If you make withdrawals or switch investment options during the month we use this rate in our calculation of your current balance.

After the end of each month, the earning rates are adjusted to reflect the actual investment returns achieved for that month (net of any tax and fees).

Following the end of each financial year, an annual earning rate is declared by the LGsuper Board of Directors for each investment option and is based on the investment return achieved on the underlying assets for that option for the year.

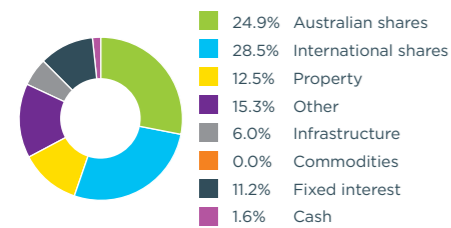
During periods of significant market volatility, or other conditions which prevent LGsuper from determining daily and/or weekly benchmark rates, processing of claims and/or switches may be suspended for up to 7 days or longer, as dictated by market conditions.

Accumulation Benefits Fund

Accumulation accounts, Retained Benefit accounts, Spouse accounts and Pension accounts

LGsuper MySuper Lifecycle Under 75

Actual asset allocation at 30 June 2015



Return target¹ 4.0% per year above inflation after fees and taxes over the next ten financial years.



Returns²

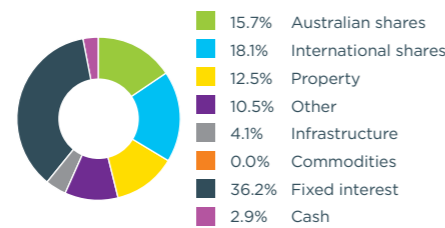
At 30 June	Accumulation acc % p.a.
2015	8.18
2014	12.30
2013	13.95
2012	1.62
2011	11.59
5-yr avg (% p.a.)	9.44
5-yr avg % p.a. over CPI	7.11

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	88.5	81.0-96.0
Australian shares	23.9	16.4-31.4
International shares	23.9	16.4-31.4
Property	15.0	7.5-22.5
Infrastructure	7.7	0.2-15.2
Other	18.0	10.5-25.5
Commodities	0.0	0.0-7.5
Risk-controlling	11.5	4.0-19.0
Fixed interest	11.5	4.0-19.0
Cash	0.0	0.0-5.0

75 plus

Actual asset allocation at 30 June 2015



Return target¹ 3.5% per year above inflation after fees and taxes over the next ten financial years.



Returns²

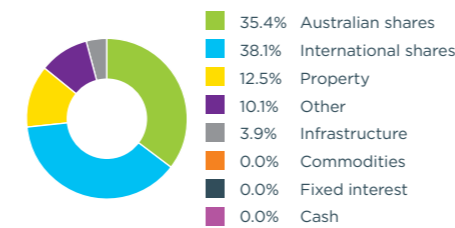
At 30 June	Accumulation acc % p.a.
2015	6.79
2014	9.74
2013	10.08
2012	5.07
2011	9.68
5-yr avg (% p.a.)	8.25
5-yr avg % p.a. over CPI	5.92

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	62.8%	55.3-70.3
Australian shares	15.1%	7.6-22.6
International shares	15.1%	7.6-22.6
Property	15.0%	7.5-22.5
Infrastructure	5.3%	0.0-12.8
Other	12.3%	4.8-19.8
Commodities	0.0%	0.0-7.5
Risk-controlling	37.2%	29.7-44.7
Fixed interest	37.2%	29.7-44.7
Cash	0.0%	0.0-5.0

Aggressive

Actual asset allocation at 30 June 2015



Return target¹ 4.5% per year above inflation over rolling 5-year periods.



Returns²

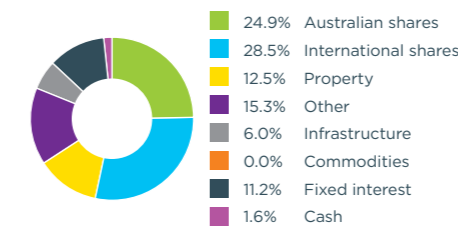
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	9.75	10.92
2014	15.05	16.78
2013	17.86	19.35
2012	-1.28	-1.35
2011	12.77	13.94
5-yr avg (% p.a.)	10.62	11.68
5-yr avg % p.a. over CPI	8.29	9.35

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	100	100
Australian shares	34.0	26.5-41.5
International shares	34.0	26.5-41.5
Property	15.0	7.5-22.5
Infrastructure	5.1	0.0-12.6
Other	11.9	4.4-19.4
Commodities	0.0	0.0-7.5
Risk-controlling	0.0	0.0
Fixed interest	0.0	0.0-0.0
Cash	0.0	0.0-5.0

Diversified Growth

Actual asset allocation at 30 June 2015



Return target¹ 4.0% per year above inflation over rolling 5-year periods.



Returns²

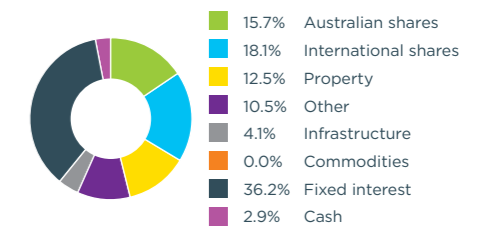
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	8.18	9.29
2014	12.30	13.89
2013	13.95	15.21
2012	1.62	1.82
2011	11.59	12.80
5-yr avg (% p.a.)	9.44	10.49
5-yr avg % p.a. over CPI	7.11	8.16

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	88.5	81.0-96.0
Australian shares	23.9	16.4-31.4
International shares	23.9	16.4-31.4
Property	15.0	7.5-22.5
Infrastructure	7.7	0.2-15.2
Other	18.0	10.5-25.5
Commodities	0.0	0.0-7.5
Risk-controlling	11.5	4.0-19.0
Fixed interest	11.5	4.0-19.0
Cash	0.0	0.0-5.0

Balanced

Actual asset allocation at 30 June 2015



Return target¹ 3.5% per year above inflation over rolling 5-year periods.



Returns²

At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	6.79	7.81
2014	9.74	11.14
2013	10.08	11.12
2012	5.07	5.71
2011	9.68	10.89
5-yr avg (% p.a.)	8.25	9.31
5-yr avg % p.a. over CPI	5.92	6.98

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	62.8%	55.3-70.3
Australian shares	15.1%	7.6-22.6
International shares	15.1%	7.6-22.6
Property	15.0%	7.5-22.5
Infrastructure	5.3%	0.0-12.8
Other	12.3%	4.8-19.8
Commodities	0.0%	0.0-7.5
Risk-controlling	37.2%	29.7-44.7
Fixed interest	37.2%	29.7-44.7
Cash	0.0%	0.0-5.0

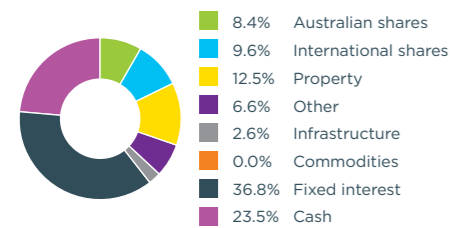
¹ Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.
² LGsuper's MySuper Lifecycle investment option was introduced on 1 January 2014. The past investment returns shown for the period 2010 to 2014 inclusive as well as the 5-year averages are based on the option's predecessor products, Diversified Growth (for Under 75) and Balanced (for 75 plus). Past performance is not an indicator of future performance.

¹ Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.
² Past performance is not an indicator of future performance.

Accumulation Benefits Fund (cont.)

Stable

Actual asset allocation at 30 June 2015



Return target¹ is 2.5% per year above inflation over rolling 5-year periods.



Returns²

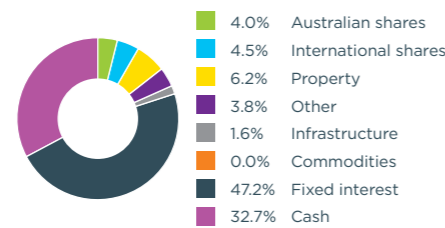
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	5.31	6.19
2014	7.17	8.31
2013	7.16	8.05
2012	6.24	7.10
2011	7.90	9.00
5-yr avg (% p.a.)	6.75	7.72
5-yr avg % p.a. over CPI	4.42	5.39

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	42.2	34.7-49.7
Australian shares	8.1	0.6-15.6
International shares	8.1	0.6-15.6
Property	15.0	7.5-22.5
Infrastructure	3.3	0.0-10.8
Other	7.7	0.2-15.2
Commodities	0.0	0.0-7.5
Risk-controlling	57.8	50.3-65.3
Fixed interest	37.8	30.3-45.3
Cash	20.0	12.5-27.5

Defensive

Actual asset allocation at 30 June 2015



Return target¹ is 2.0% per year above inflation over rolling 5-year periods.



Returns²

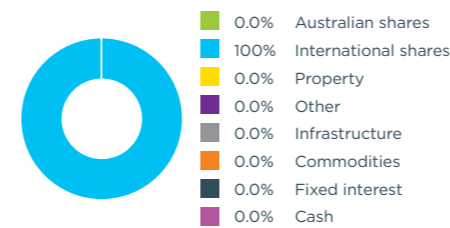
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	4.14	4.89
2014	5.56	6.53
2013	4.86	5.61
2012	7.27	8.63
2011	6.27	7.45
5-yr avg (% p.a.)	5.61	6.61
5-yr avg % p.a. over CPI	3.28	4.28

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	21.6%	14.1-29.1
Australian shares	3.8%	0.0-11.3
International shares	3.8%	0.0-11.3
Property	7.5%	0.0-15.0
Infrastructure	2.0%	0.0-9.5
Other	4.5%	0.0-12.0
Commodities	0.0%	0.0-7.5
Risk-controlling	78.4%	70.9-85.9
Fixed interest	48.4%	40.9-55.9
Cash	30.0%	22.5-37.5

International shares

Actual asset allocation at 30 June 2015



Return target¹ is to outperform a composite index of international shares over rolling 5-year periods.



Returns²

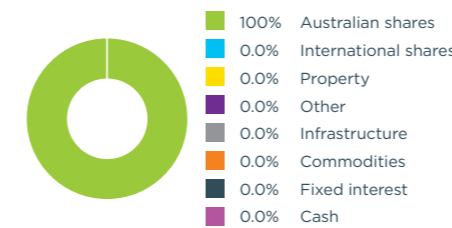
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	17.01	19.57
2014	17.63	20.10
2013	26.57	29.91
2012	0.27	0.36
2011	6.27	7.45
4-yr avg % p.a.	14.97	16.98

Strategic asset allocation and ranges

At 30 June	SAA %
Return-seeking	100
International shares	100
Risk-controlling	0

Australian shares

Actual asset allocation at 30 June 2015



Return target¹ is to outperform a composite index of Australian shares over rolling 5-year periods.



Returns²

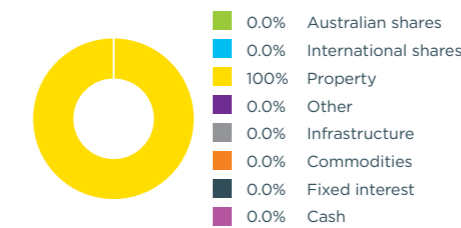
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	3.42	3.59
2014	15.44	16.28
2013	15.82	16.69
2012	-9.56	-10.54
4-yr avg % p.a.	5.75	5.89

Strategic asset allocation and ranges

At 30 June	SAA %
Return-seeking	100
Australian shares	100
Risk-controlling	0

Property

Actual asset allocation at 30 June 2015



Return target¹ is 4.5% per year above inflation over rolling 5-year periods.



Returns²

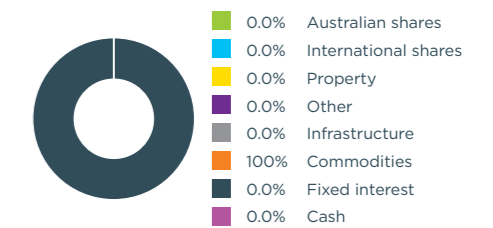
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	9.26	11.05
2014	8.53	10.12
2013	10.47	11.69
2012	6.80	7.59
4-yr avg % p.a.	8.76	10.10

Strategic asset allocation and ranges

At 30 June	SAA %
Return-seeking	100
Property	100
Risk-controlling	0

Diversified Fixed Interest

Actual asset allocation at 30 June 2015



Return target¹ is to outperform a composite index of Australian and international fixed interest over rolling 5-year periods.



Returns²

At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	3.58	4.31
2014	5.17	6.08
2013	2.35	2.83
2012	10.13	11.99
4-yr avg % p.a.	5.27	6.25

Strategic asset allocation and ranges

At 30 June	SAA %
Return-seeking	0
Risk-controlling	100
Fixed interest	100

¹ Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.

² Past performance is not an indicator of future performance.

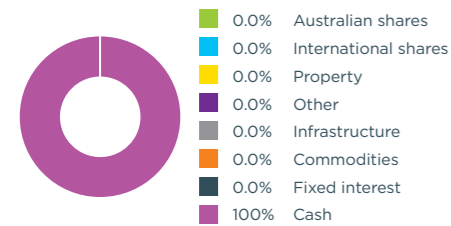
¹ Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.

² Past performance is not an indicator of future performance.

Accumulation Benefits Fund (cont.)

Cash

Actual asset allocation at 30 June 2015



Return target¹ is the RBA official cash rate over rolling 5-year periods.



Returns²

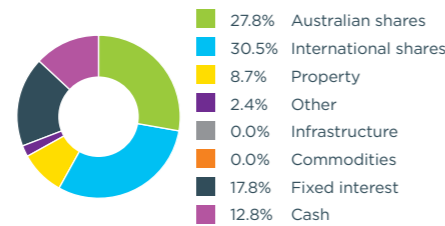
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	2.07	2.49
2014	2.47	2.95
2013	3.18	3.78
2012	4.18	4.96
2011	4.05	4.81
5-yr avg (% p.a.)	3.19	3.79
5-yr avg % p.a. over CPI	0.86	1.46

Strategic asset allocation and ranges

At 30 June	SAA %
Return-seeking	0
Risk-controlling	100
Cash	100

SR Balanced

Actual asset allocation at 30 June 2015



Return target¹ 2.0% per year above inflation over rolling 5-year periods.



Returns²

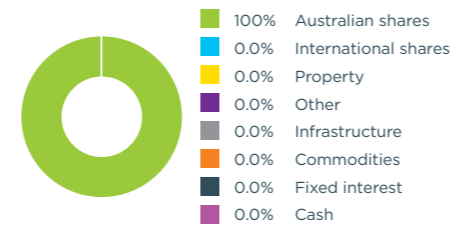
At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	8.87	9.79
2014	11.78	12.97
2013	16.73	18.50
2012	-0.83	-0.81
2011	7.65	8.61
5-yr avg (% p.a.)	8.69	9.63
5-yr avg % p.a. over CPI	6.36	7.30

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	69.0	
Risk-controlling	31.0	
Australian shares	33.0	26.0-40.0
International shares	24.5	15.0-35.0
Property	10.0	0.0-15.0
Infrastructure	1.0	0.0-6.0
Other	0.5	0.0-6.0
Commodities	0.0	0.0-0.0
Risk-controlling	31.0	
Fixed interest	25.0	15.0-30.0
Cash	6.0	0.0-16.0

SR Australian shares

Actual asset allocation at 30 June 2015



Return target¹ is to outperform S&P ASX300 Accumulation Index over rolling 5-year periods.



Returns²

At 30 June	Accumulation acc % p.a.	Pension acc % p.a.
2015	7.83	8.24
2014	15.85	16.69
2013	28.86	30.39
2012	-1.49	-1.55
4-yr avg % p.a.	12.22	12.84

Strategic asset allocation and ranges

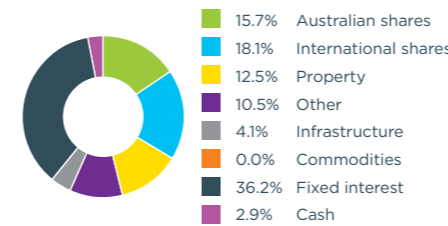
At 30 June	SAA %
Return-seeking	100
Australian shares	100
Risk-controlling	0

Defined Benefits Funds

Accumulation accounts, Retained Benefit accounts, Spouse accounts and Pension accounts

Defined Benefits Fund

Actual asset allocation at 30 June 2015



Return target¹ is to achieve returns in excess of salary inflation plus 1.5% p.a. over rolling 3-year periods.

Returns²

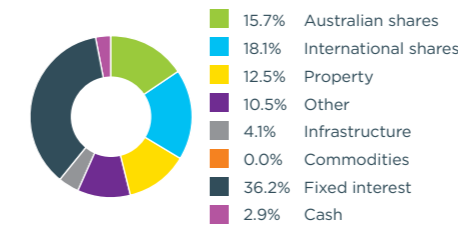
At 30 June	Investment return %	Accumulation comparison rate %
2015	6.79	7.82
2014	9.86	9.36
2013	10.08	8.60
2012	5.07	6.43
2011	9.68	8.43
3-year avg (% p.a.)	8.90	8.59
3-year excess over AWOTE ³	5.70	5.39

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	62.8	55.3-70.3
Risk-controlling	37.2	29.7-44.7
Australian shares	15.1	7.6-22.6
International shares	15.1	7.6-22.6
Property	15.0	7.5-22.5
Infrastructure	5.3	0.0-12.8
Other	12.3	4.8-19.8
Commodities	0.0	0.0-7.5
Risk-controlling	37.2	29.7-44.7
Fixed interest	37.2	29.7-44.7
Cash	0.0	0.0-5.0

Defined Benefit account (former City Super)

Actual asset allocation at 30 June 2015



Return target¹ is to achieve returns in excess of salary inflation plus 1.5% p.a. over rolling 3-year periods.

Returns²

At 30 June	Investment return %	Crediting rate %
2015	7.01%	9.29
2014	10.07%	7.57
2013	10.84%	7.00
2012	2.03%	6.77
2011	8.31%	1.50
3-year avg (% p.a.)	9.29%	7.95
3-year excess over AWOTE ³	6.09	4.75

Strategic asset allocation and ranges

At 30 June	SAA %	Ranges %
Return-seeking	62.8	55.3-70.3
Risk-controlling	37.2	29.7-44.7
Australian shares	15.1	7.6-22.6
International shares	15.1	7.6-22.6
Property	15.0	7.5-22.5
Infrastructure	5.3	0.0-12.8
Other	12.3	4.8-19.8
Commodities	0.0	0.0-7.5
Risk-controlling	37.2	29.7-44.7
Fixed interest	37.2	29.7-44.7
Cash	0.0	0.0-5.0

Actuarial valuations

LGsuper has two defined benefit funds that are separately managed and regularly reviewed through actuarial valuations to determine if there are sufficient funds to pay members' benefits. The next actuarial valuations for both funds will be undertaken at 1 July 2015.

Regional Defined Benefits Fund

The last actuarial valuation of the regional Defined Benefits Fund was conducted at 1 July 2012. The actuary concluded from the review that the regional Defined Benefits Fund was in a satisfactory but modest financial position.

Former City Super Defined Benefits Fund

The former City Super Defined Benefit Fund was transferred to LGsuper on 1 July 2011 as part of the LGsuper and City Super merger. The last full actuarial valuation was conducted at 1 July 2012.

Vested Benefits Index

The Vested Benefits Indexes below show the ratio of fund assets to the amount of members' vested benefits at 30 June.

	2015 %	2014 %	2013 %
Regional Defined Benefits Fund			
	110-112 ⁴	109-110 ⁴	106-107 ⁴
Former City Super Defined Benefits Fund			
	119-121 ⁴	114-116 ⁴	108 ⁴

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² Past performance is not an indicator of future performance.

¹ Investment markets are uncertain. LGsuper sets investment objectives for the investment options and expects to meet or exceed these between half and two thirds of the time.

² Past performance is not an indicator of future performance.

³ Proxy for salary growth

⁴ Preliminary

Market update

Global economic conditions pointed to a relatively slow recovery for the 2014 financial year, with plummeting oil prices sparking deflationary fears, Chinese economic activity weighed down by a sharp correction in the property market, and Greece still at risk of being forced to exit the European Union.

Australian shares

Australia's economy is still transitioning away from its reliance on the mining sector, but following a very large fall in commodity prices throughout the year GDP growth has started to slow.

The Australian sharemarket posted modest gains for the year with the ASX 300 up 5.6%. The Industrials sector returned 11.2% while the Resources sector was down 16.7% on the back of falling commodity prices. Returns were higher for the second half of the year assisted by two interest rate cuts by the RBA.

International shares

International shares had a great run, returning 25.2% for the year. Unhedged returns were significantly increased by the steady decline of the Australian Dollar over the course of the year. In local currency terms the US S&P500 Index was up 5.2%, with both the Healthcare and Consumer Discretionary sectors up 22.2% and 14.7% respectively. Similar to the Australian experience, the Energy sector was down 24.3%.

The recovery story in the US continued, with the unemployment rate falling to a seven-year low of 5.3%. US GDP growth as at 31 March 2015 came in at 2.4%, largely supported by increases in consumer spending following improvements in the jobs market.

Economic and business conditions in Europe improved as the threat of deflation subsided throughout the second half of the year, assisted by a partial recovery in commodity prices.

In January 2015 the ECB launched its quantitative easing program. Aimed at revitalising the Eurozone and countering deflationary pressures, it will purchase more than €1 trillion of government and private sector bonds.

The Euro Stoxx 50 Index returned 6.1%, while China was up a massive 108.8% and the Japan Nikkei Index up 33.5%.

Property

The wholesale property markets in Australia performed particularly well with office, industrial and retail sectors all gaining ground on the back of secure income yields provided by well-leased properties. Low gearing and low vacancy rates mean these investments provide consistent rental income streams and strong capital growth.

For the LGsuper portfolio, the GPT Office fund was of particular note returning 12.9% and the QIC Property Fund returning 10.5%. Our value-add exposures, while only relatively small, performed exceptionally well returning 23.5% for the year.

Infrastructure

Our infrastructure investments performed particularly well. With some of our managers winding up funds and exiting investments, we saw some strong exit prices. LGsuper continued to invest in infrastructure assets, including the renewable energy sector with further investments in China and India where the supply of renewable energy is a very important focus.

Alternatives

The alternatives sector is broadly split into absolute return strategies and emerging market/high-yield debt exposures. While our infrastructure debt exposures performed extremely well, our emerging market debt fund slowed performance.

Fixed interest and cash

The Australian Fixed Income sector provided solid returns for investors, delivering 5.6% for the year. In both February and May, the Reserve Bank of Australia cut the cash rate by 0.25%, ending the year with a cash rate of 2.0%.

The Australian dollar fell gradually throughout the year, assisted by the two interest rate cuts, ending the year at 76.97 US cents down from 94.20 US cents. The Australian dollar also fell against the currencies of its major trading partners, as measured by the Trade Weighted Index, closing the year down 11.4%.

Looking forward

All eyes will continue to watch the US Federal Reserve to see when they will lift interest rates and the impact this will have on the global economy. Chinese equity markets are likely to face continued volatility, as the stellar gains made in 2014/15 have already begun to unwind and government policy changes have been implemented to deal with the sharp sell-off in equities.

Europe will be watching Greece to see if they can implement further austerity measures and continue to pay their bailout instalments.



MEET Guy, our Investment Manager.
He's got his finger on the pulse when it comes to the markets.

Where your money is invested

Top 10 Australian shares at 30 June 2015

1	BHP BILLITON LIMITED MINING
2	WESTPAC BANK FINANCE
3	CBA INSURANCE
4	ANZ BANK FINANCE
5	QBE INSURANCE GROUP INSURANCE
6	RIO TINTO MINING
7	WOOLWORTHS RETAIL
8	MACQUARIE FINANCE
9	NATIONAL AUSTRALIA BANK FINANCE
10	AMP FINANCE

Top 10 International shares at 30 June 2015

1	SIMON PROPERTY GROUP PROPERTY
2	APPLE ELECTRONICS
3	ROCHE HOLDING PHARMACEUTICAL
4	MASTERCARD FINANCE
5	MICROSOFT TECHNOLOGY
6	CITIGROUP FINANCE
7	JPMORGAN CHASE & CO FINANCIAL SERVICES
8	BAT INC TOBACCO
9	VISA INC FINANCE
10	MERCK & CO. INC. PHARMACEUTICAL

2014/15 LGsuper portfolio returns by asset class

Returns shown are before fees and tax.

Asset class	Gross return % p.a.
Australian shares	4.3
International shares	20.3
Property	11.6
Alternatives	1.1
Fixed interest	4.9
Cash	2.8

Fees and other costs

Actual fees charged for 2014/15*

Type of fee	Investment options							Investment options							How and when paid
	LGsuper MySuper Lifecycle		Ready-made options					Single asset class options					Socially responsible		
	Under 75	Over 75	Aggressive	Diversified Growth	Balanced	Stable	Defensive	International shares	Australian shares	Property	Diversified Fixed Interest	Cash	SR Balanced	SR Australian shares	
Investment fee	0.48% p.a.	0.43% p.a.	0.51% p.a.	0.48% p.a.	0.43% p.a.	0.34% p.a.	0.26% p.a.	0.47% p.a.	0.45% p.a.	0.69% p.a.	0.28% p.a.	0.05% p.a.	0.85% p.a.	0.81% p.a.	Deducted from investment earnings as they are credited to your account
Administration fee	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	0.21% p.a.	Deducted from investment earnings as they are credited to your account
Buy-sell spread	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Not applicable
Switching fee	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Not applicable
Exit fee	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Not applicable
Advice fees	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$0-\$440	\$220 (incl. GST) is charged for an in person or phone meeting and \$220 (inc. GST) is charged for personal advice. The fee may be deducted directly from your account on request.
Other fees and costs	Insurance fee of 1.087% included in the insurance premiums deducted from your account.														
Indirect cost ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Deducted from gross investment earnings prior to determining earning rates applicable to your account.

* The fees and costs for managing your investment, including performance fees charged. Actual charged to LGsuper members in 2014/15.

Additional explanation of fees and costs

Fee changes

We report the actual fees in this Annual report to members each year. Before the start of each financial year LGsuper estimates fees for the year ahead. These estimates only change where necessary to ensure costs are covered. For current fee estimates see the Product Disclosure Statement (PDS) for the relevant account.

Performance fees

Performance fees are paid to some investment managers when they outperform a set benchmark. These fees are calculated by comparing the difference between the benchmark and actual performance for each investment, and multiplying the outperformance by the performance bonus rate payable. Performance fees of approximately \$4.5 million are included in the management costs for 2014/15.

Advice fees

LGsuper does not charge a fee for the provision of general advice, or for limited single issue personal advice (e.g. salary sacrifice, super co-contribution) where a limited Statement of Advice is provided following face-to-face or phone consultation with an LGsuper representative.

LGsuper members who receive more comprehensive personal advice and/or meet with an LGsuper advice representative will be charged on a fee-for-service basis. A fee of \$220 including GST will be charged for an in person or phone meeting and a fee of \$220 including GST will be charged for more comprehensive personal advice.

The fee charged for advice directly related to your LGsuper account may be deducted from your LGsuper account on request. The fees will be explained to you in detail if you ask for this advice. These advice fees apply to the 2014/15 financial year only. For current advice fees see the PDS for your account.

Transactional and operational costs

Net returns declared by investment managers reflect the transactional and operational expenses of investing, such as brokerage, stamp duty, direct property repair and maintenance costs and buy-sell spreads where applicable. These net returns are, in turn, reflected in the final earning rates determined each year. No brokerage or buy-sell spreads are charged directly to members.

Indirect costs

Indirect costs are any amounts that we know, or reasonably ought to know, will directly or indirectly reduce the return on your investments that are not charged to your account as a fee. LGsuper currently does not need to deduct any other amounts from investment returns other than those we disclose above.

Insurance fee

An Insurance administration fee of 1.087% plus GST is included in all Death, Total and Permanent Disablement and Income Protection premiums. This fee is retained by LGsuper and used to partially offset the administration cost of managing the insurance arrangements.

Investment managers

The Board is responsible for investing members' money to achieve sound returns above inflation over the long term. To do this, the Board uses an expert asset consultant who assists it in selecting well known and trusted professional investment managers who each have a specific area of investment expertise.

The Board regularly reviews investment manager performance and contribution to overall objectives. In addition, the Board ensures external managers comply with the guidelines, requirements and objectives specified in their Investment Management Agreements. LGsuper allows managers to use derivatives in order to hedge risk and/or increase transactional efficiency. Investment managers who use derivatives must adopt an acceptable Derivative Risk Statement that specifies how derivatives are used and what controls are in place.

The Board also has an Investment Governance Framework that details its investment policies and procedures.

Total fund investment returns

At 30 June 2015	1 yr	3 yrs	5 yrs	7 yrs	10 yrs
Total return (before tax and fees)	9.12	12.02	10.26	6.78	7.54
Composite benchmark	7.81	11.05	9.31	7.23	7.54
% p.a. above/below benchmark	1.31	0.87	0.95	-0.45	0.00

Administration and investment management expenses

Year ending 30 June 2015	Administration expenses as % of FUM ¹	Investment management expenses as % of FUM	Average FUM \$M
2015	0.21	0.29	8,929.80
2014	0.21	0.27	7,404.70
2013	0.21	0.27	6,377.70
2012	0.18	0.28	6,066.70
2011	0.18	0.39	4,161.70
2010	0.18	0.31	3,577.80
2009	0.17	0.26	3,484.50

¹ After the deduction of administration expenses relating to investment and insurance.

Investment managers

	Australian shares	International shares	Property	Alternatives	Infrastructure	Socially Responsible	Fixed Interest	Cash	\$M
Acorn	1								100.0
Altis			3						96.6
AMP Capital	1		4			2			666.0
Ardea							1		117.7
Arrowstreet		1							98.0
Equis Funds Group					1				149.2
BlackRock		2							855.0
Brandes Investment Partners		1							199.1
Bridgewater				1					163.6
Clearbell			1						27.7
Colonial First State		1					1		232.0
Columbus Circle		1							145.3
Dexus			1						93.7
Eley Griffiths	1								104.1
EQT					2				22.3
Goldman Sachs							1		174.0
GPT			1						112.0
I Squared Capital					1				4.1
Independent	1								243.3
JCP Investment Partners	1								284.5
K2 Advisors				1					460.4
Lazard Thematic		1							238.0
LGsuper (internal)								1	417.6
Lend Lease			1						98.1
Macquarie	1		1						575.7
Members Equity				1					0.6
Merlon Capital	1								253.3
MFS Global		1							250.3
Morgan Stanley					1				17.0
Northcape Capital	1								308.9
Orion European Funds			1						33.9
Palisade Investment Partners					1				265.0
Perpetual Ltd						1			61.1
PIMCO							1		236.4
QIC		1				4	1		918.2
Resolution Capital		1							129.9
Retirement Villages Group			1						8.5
Rockspring			2						4.7
Rogge Global Partners				1					96.8
Sanders Capital	1								227.5
Stone Harbour				1					261.1
Vontobel		1							256.9
Wellington							1		162.1
Westbourne Capital				1					148.6
Total									9,318.9

Investment managers by asset class

Investment Manager	As at 30 June 2015	
	\$M	%
Australian shares	1,990.3	21.4%
Acorn	100.0	1.1%
AMP	203.4	2.2%
Eley Griffiths	104.1	1.1%
JCP Investment Partners	284.5	3.1%
Merlon Capital	253.4	2.7%
Independent	243.3	2.6%
Northcape	308.9	3.3%
Macquarie Passive Index Trust	492.8	5.3%
International shares	2,337.6	25.1%
Arrowstreet Fund	98.0	1.1%
BlackRock Fission	454.5	4.9%
BlackRock International Equity Index Fund	400.6	4.3%
Brandes Investment Partners	199.1	2.1%
CFS Emerging Markets	67.4	0.7%
Lazard Thematic	238.0	2.6%
MFS Global Equity	250.3	2.7%
Sanders Capital	227.5	2.4%
Vontobel	256.9	2.8%
Columbus Circle SMID	145.3	1.6%
Property	1,125.5	12.1%
Altis AREEP 1	0.8	0.0%
Altis AREEP 2	55.1	0.6%
Altis AREEP 3	40.7	0.4%
AMP Shopping Centre Fund	119.2	1.3%
AMP Global REIT	129.6	1.4%
AMP Property Income Fund	0.2	0.0%
AMP Wholesale Office Fund	150.9	1.6%
Clearbell II UT LP	27.7	0.3%
Dexus Wholesale Property Fund	93.7	1.0%
GPT Wholesale Office Fund	112.0	1.2%
Lend Lease APPF Retail	98.1	1.1%
Orion European Real Estate Fund IV CV	33.9	0.4%
QIC Shopping Centre Fund	120.4	1.3%
Resolution Global REIT	130.0	1.4%
Retirement Villages Group	8.5	0.1%
Rockspring Eur Part	0.9	0.0%
Rockspring UK Value Fund	3.8	0.0%

Investment Manager	As at 30 June 2015	
	\$M	%
Alternatives	1,214.1	13.0%
Bridgewater Pure Alpha Fund Series 2	163.6	1.8%
Kosciusko LG Multi Strategy Fund	460.4	4.9%
Macquarie RMBS	82.9	0.9%
Members Equity SMHL	0.6	0.0%
Rogge Emerging Markets Currencies	96.8	1.0%
Stone Harbour Aggregate*	261.2	2.8%
Westbourne Yield Fund No.4	148.6	1.6%
Infrastructure	457.5	4.9%
Asian Infrastructure Trust	149.2	1.6%
EQT Infrastructure Fund I	10.1	0.1%
EQT Infrastructure Fund II	12.2	0.1%
I Squared Capital	4.1	0.0%
Morgan Stanley Infrastructure Fund No. 3	17.0	0.2%
Palisade Infrastructure	264.9	2.8%
SRI	20.5	0.2%
AMP RIL Balanced Fund	20.5	0.2%
SRI Australian shares	103.3	1.1%
AMP Sustainable Share Fund	42.2	0.5%
Perpetual Ethical SRI Fund	61.1	0.7%
Diversified Fixed Interest	1,623.7	17.4%
Domestic		
Colonial First State	164.6	1.8%
QIC FI	280.2	3.0%
QIC Australian Government	289.9	3.1%
QIC Inflation Plus	118.6	1.3%
Ardea ILB	117.7	1.3%
QIC Passive Australia ILB	80.2	0.9%
International		
PIMCO Global Credit	236.4	2.5%
Wellington Global Total Return Fund	162.1	1.7%
Goldman Sachs Global Fixed Interest	174.0	1.9%
Cash	446.4	4.8%
Internal (includes earnings)	417.5	4.5%
QIC Cash Enhanced Fund (includes earnings)	28.9	0.3%
Total	9,318.9	100%

Other important information

Tax

Employer contributions and investment earnings are subject to income tax at the rate of 15%. The full 15% tax on employer contributions is deducted from members' accounts. The tax on investment earnings can be less than 15% due to tax deductions, credits and offsets. Members who have insurance premiums deducted from their accounts receive a 15% tax deduction on the premiums.

Surcharge payments

The superannuation surcharge tax was an additional tax paid by higher income earners on employer contributions they received. This tax was abolished from 1 July 2005. If you've incurred any surcharge tax, LGsuper will pay it directly to the Australian Taxation Office (ATO), and then recover it from your account.

Temporary residents

Temporary residents who permanently leave Australia may be able to access their superannuation money.

If you are eligible, you can claim your money directly from LGsuper within 6 months of leaving Australia. Once 6 months have passed, LGsuper will be required to transfer your money to the Australian Taxation Office (ATO) if they request us to do so. Once transferred to the ATO, your money will not earn any interest and you will need to contact the ATO directly for a refund.

LGsuper relies on the ASIC class order relief (CO 09/437), which means we do not have to let you know if your benefit has been transferred to the ATO.

Complaints

We hope you are satisfied with LGsuper and the service we provide. If you are not satisfied we have a complaints handling process. You can contact our Complaints Officer as follows:

POST Complaints Officer, LGsuper,
GPO Box 264, Brisbane Qld 4110

EMAIL complaints@lgsuper.org

PHONE 1800 444 396

FAX (07) 3244 4344

Privacy

LGsuper respects the privacy of your personal information. We comply with the Australian Government's Privacy Act, and only collect the information we need to look after your account and keep in touch with you. You can obtain a copy of our *Privacy statement* from our website or call us on 1800 444 396 and we will send you a free copy.

Abridged financial statements

The abridged financial statements below are at a total fund level. They are unaudited and based on information available at the time of publication. The 2015 LGsuper Board annual report will include the audited financial statements and will be published on the website and available on request from November 2015.

Preliminary unaudited statement of net assets

		2015 \$M	2014 \$M
Investments	Cash and cash equivalents	521	448
	Fixed interest securities	1,770	1,976
	Listed equity investments and property trusts	2,675	2,310
	Unlisted equity investments and trusts	4,395	3,745
	Derivatives	34	32
Other assets		97	104
Total assets		9,492	8,615
Total liabilities		315	255
Net assets to pay benefits at 30 June		9,177	8,360

Preliminary unaudited statement of changes in net assets (total funds)

	2015 \$M	2014 \$M
Net assets to pay benefits at 1 July	8,360	7,357
Plus: income		
Contributions	622	580
Transfers from other funds	140	121
Insurance claim proceeds	23	19
Net investment revenue	748	947
Total income	1,533	1,667
Less: expenses		
Benefits paid	546	472
Administration expenses	15	14
Insurance premiums	27	26
Income and contributions tax	128	152
Total expenses	716	664
Net assets available to pay benefits at 30 June*	9,177	8,360

*Total includes operational risk and general reserves, and accumulation and defined benefit monies.

Abridged financial statements (cont.)



MEET Fleur and Linda from our Finance team. They work with teams across LGsuper to manage the organisation's finances.

Reserves and funds

Reserves are maintained for operational risks and to further secure the defined benefits funds.

Operational Risk and General Reserves

Operational risk reserves have been established to set aside funds to meet possible operational errors in the future which would otherwise be funded from investment earnings. The federal government also requires trustees to establish operational risk reserves. The Board has determined a target level of 0.55% of funds under management for the reserves. The reserves were initially funded by transfers of surplus funds from the Insurance Fund and subsequent funding is by deductions from fund earnings, surplus administration costs charged to members and investment earnings on reserve balances. Reserves for the Accumulation Benefits Fund balances are invested 60% in the Cash option and 40% in the Balanced option. Reserves for the Defined Benefits Funds are invested within the Defined Benefits Funds investment strategy.

Accumulation Benefits Fund - Operational Risk reserve

	2015 \$M	2014 \$M	2013 \$M
Balance at 1 July	21.5	18.4	6.2
Insurance claim	(0.1)	-	-
Plus/minus intra-scheme transfers	-	-	0.9
Allocation from (to) scheme earnings	-	2.1	10.5
Investment income	0.8	1.0	0.8
Balance at 30 June	22.2	21.5	18.4

Accumulation Benefits Fund - General reserve

	2015 \$M	2014 \$M	2013 \$M
Balance at 1 July	11.6	8.8	1.0
Plus/minus intra-scheme transfers	-	-	1.3
Allocation from (to) scheme earnings	19.0	2.1	6.3
Investment income	0.7	0.7	0.2
Balance at 30 June	31.3	11.6	8.8

Defined Benefits Fund - Operational Risk reserve

	2015 \$M	2014 \$M	2013 \$M
Balance at 1 July	3.7	3.7	-
Transfer from DBF assets	-	-	3.7
Plus/minus intra-scheme transfers	(0.1)	-	-
Balance at 30 June	3.6	3.7	3.7



MEET Linda and Anita
They work in our Insurance and Administration teams managing claims and benefit payments.

Specialist consultants and advisors

Actuarial advice

- Mr J Burnett, Towers Watson

Asset consulting

- Towers Watson

Auditors

- PricewaterhouseCoopers, Brisbane (external)
- KPMG, Brisbane (internal)

Information services

- Bravura Solutions, Australia
- Brennan IT
- Decimal
- Westpac
- Technology One

Master custodian

- JP Morgan Chase Bank, Sydney

Senior Medical Officer

- Dr E Pollard MBBS FRACP, Brisbane

Solicitors

- King & Company, Brisbane
- Mr S. Fynes-Clinton, Barrister at Law, Brisbane

Tax consultant

- PricewaterhouseCoopers, Brisbane

Group Life Insurer

- OnePath

Trustee insurances broker

- AON Risk Services

