

ENERGY SUPER 2013 ANNUAL REPORT



Issued by Electricity Supply Industry Superannuation (Qld) Ltd
(ABN 30 069 634 439, AFSL 336567) the Trustee for Energy
Super (ABN 33 761 363 685).

Prepared and issued on 31 October 2013.

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KEEPING YOU UP TO DATE. IT'S JUST HOW WE'RE WIRED.

Disclaimer: This document is intended to provide information and not advice. It should not be relied upon as advice or take the place of professional advice. This document has been prepared without taking into account your individual objectives, financial situation or needs. Accordingly, before acting on the contents of this document, you should consider whether it is appropriate to you having regard to your objectives, financial situation and needs. Past performance is not indicative of future performance and references to past performance information in this document should not be taken to provide an estimate or guarantee of future performance.



GET YOUR ANNUAL STATEMENTS FASTER

Sign up for electronic statements by phoning us on **1300 4 ENERGY** (1300 436 374) and providing your email address.

DO YOU HAVE ANY LOST SUPER?

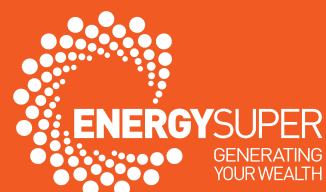
Simply call us on **1300 4 ENERGY** (1300 436 374) and provide your consent, and we'll use your Tax File Number (TFN) to find any lost super that you may have. Call us today to get your super sorted.

HAVE YOU BEEN A MEMBER OF ENERGY SUPER FOR 10 YEARS? THEN WE WOULD LIKE TO THANK YOU FOR YOUR LOYALTY!

If you are at work performing your usual duties and have been a member of Energy Super for 10 years continuously, you may be eligible to receive additional Death & Total and Permanent Disablement (TPD) insurance cover (or Death Only cover if you are an income stream member), without having to provide evidence of your health.

All you need to do is apply for the cover within 90 days of your 10 year anniversary in Energy Super or within 90 days of your next Annual Statement or Record of Contributions following your 10 year anniversary.

To confirm your 10 year membership anniversary date or to find out more about this offer, call Energy Super on **1300 4 ENERGY** (1300 436 374).



WELCOME FROM THE CHAIR AND CEO



Bob Henricks //
Chairperson



Robyn Petrou //
Chief Executive Officer

IT'S WITH GREAT PLEASURE
THAT WE PRESENT TO YOU
**THE 2013 ENERGY SUPER
ANNUAL REPORT.**

WE HOPE THAT YOU LIKE
OUR NEW DESIGN, ONE
THAT WE INTEND TO BUILD
ON SO THAT YOU CONTINUE
TO RECEIVE THE INFORMATION
THAT YOU NEED IN AN
EASY-TO-READ FORMAT.

Our strong growth continues

We're very proud that by the end of this financial year we achieved close to \$4.6 billion in funds under management, with over 48,000 members choosing to trust us with their retirement savings.

This growth is very important to us, as it helps us to continue providing you with the best value products and services, as well as allowing us to engage with Government and the major industry bodies to ensure that your voice is heard about any proposed changes relating to your super.

Consistent investment performance

While there was some uncertainty in global investment markets during the year, our Balanced investment option continued to perform strongly, returning 15.0% (Superannuation) and 17.7% (Pension) for the year to 30 June 2013.

Consistent with our active approach to managing your investments, this performance was driven by our increased exposure during the year to Australian and global equity markets, high-quality infrastructure assets and property.

Our Australian shares investment option performed extremely well achieving overall sixth position in SuperRatings' SR50 Australian shares index*.

During the year, we also earned a spot in the top performing super funds over 9 years to 30 June 2012#.

Working for members

As a 'profit for members' industry fund, we are committed to helping you secure your financial future.

During the year, we've continued to look at innovative ways to keep you updated through ongoing enhancements to our website, launching our monthly investment update e-alerts, and increasing our number of employer visits and member seminars.

We widened the reach of our popular Annual Member Forums and expanded our over-the-phone advice service, which has seen a huge increase in the number of members seeking advice at no extra cost around their super contributions, investment options and insurance cover.

Energy Super also earned the number one spot for the most extra member benefits and services for both our Workplace and Income Stream super products^.

Our member feedback program has highlighted the need to focus on simplifying access to our services and we have introduced over the phone transactions and editable forms online, with more changes to come.

The year ahead

While we don't expect that the structural issues in the domestic and global economy will be resolved in the near term, the asset allocation changes that we've made during the year means the Fund is well-positioned to benefit from the expected stronger demand for growth assets like shares and property.

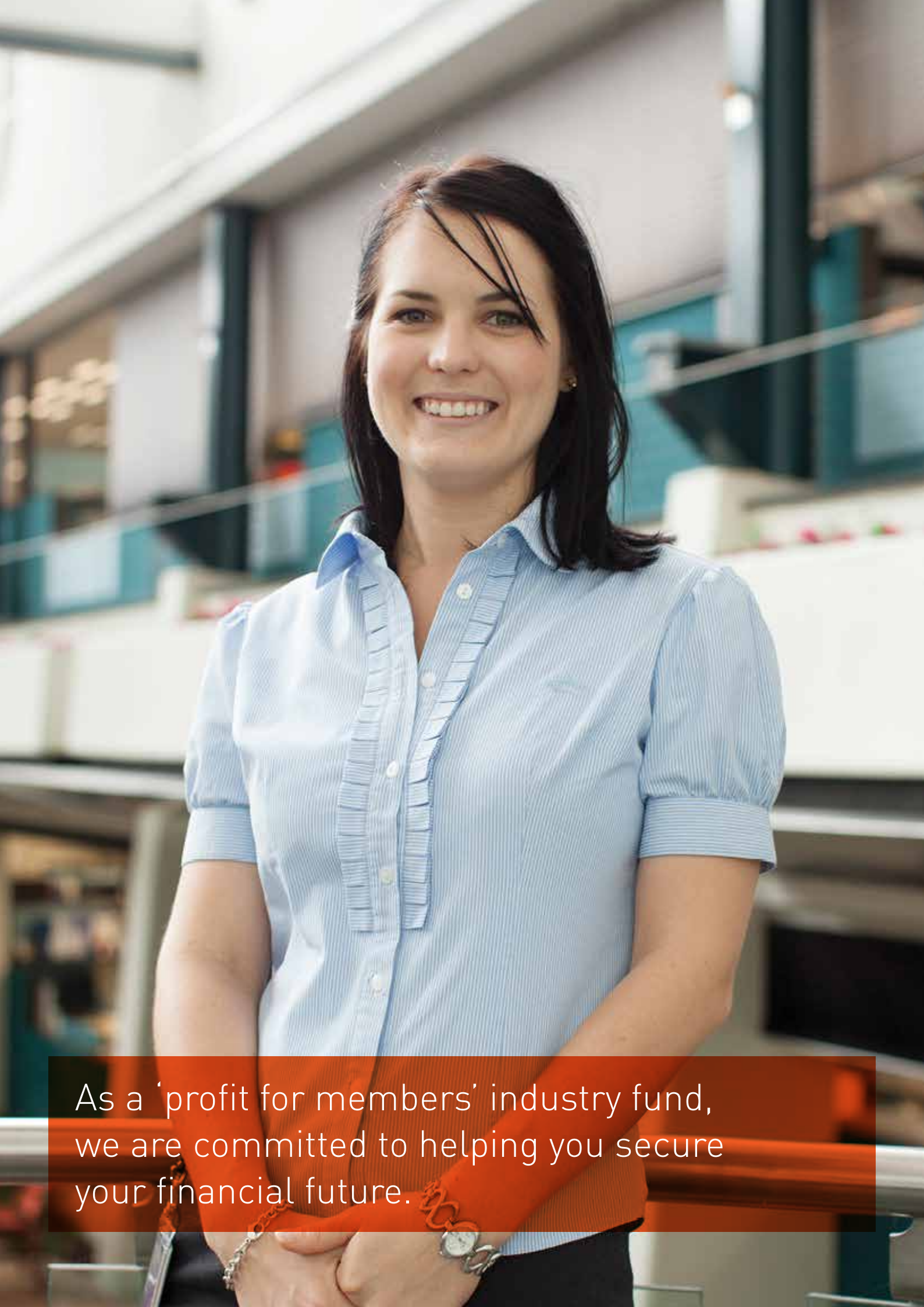
A number of important changes to super will also be coming through in the next 12 months, such as MySuper and new governance standards. We've been implementing these legislative changes and will continue to keep you up-to-date so you can make the right decisions about your super.

The Board would like to acknowledge and thank the team at Energy Super for their hard work during the year and we would like to thank you for your support – please don't hesitate to contact us or any of our Board members should you have any questions or feedback about Energy Super or our new annual report.

Bob Henricks // Chairperson

Robyn Petrou // Chief Executive Officer

*SuperRatings Crediting Rate Survey, published 23 July 2013 for the SR50 Australian Shares index for performance for one year to 30 June 2013. See page 7 for more information on SR50 Indices. #The Australian Prudential Regulation Authority (APRA)'s Superannuation Fund-level Rates of Return report issued 9 January 2013. SuperRatings Pty Ltd (ABN 95 100 192 283 AFSL 311880). ^SelectingSuper Fund Quality Assessments March 2013. This Quality Assessment is conducted by Rainmaker Information Pty Ltd (ABN 86 095 610 996).



As a 'profit for members' industry fund, we are committed to helping you secure your financial future.

FUND UPDATE AS AT 30 JUNE 2013

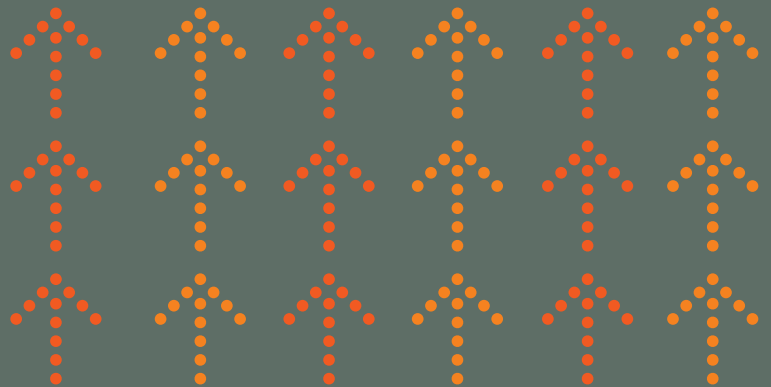
MEMBERS

Over 48,000



NET ASSET INCREASE [from previous year]

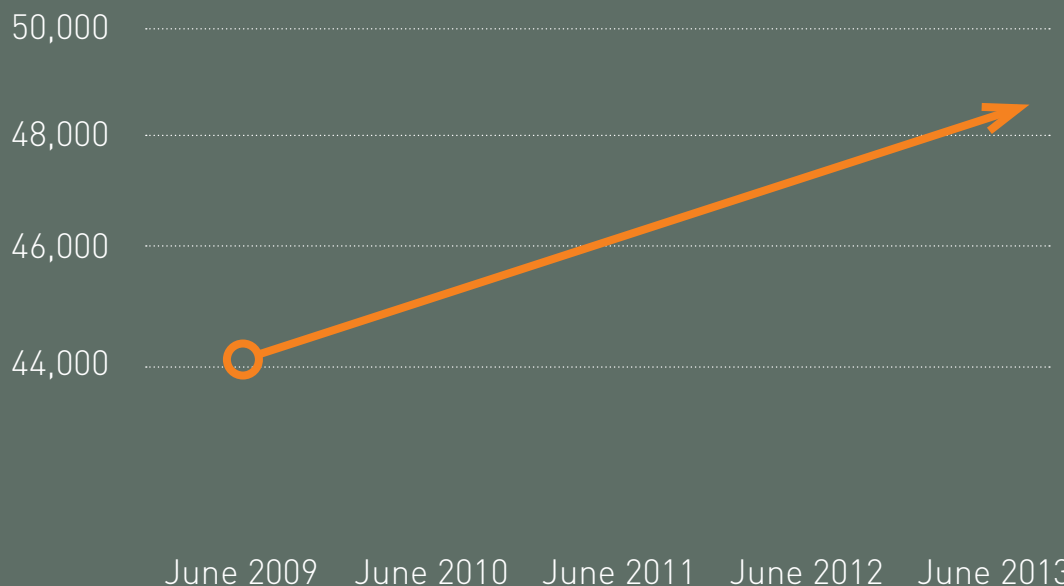
15.9%



FUNDS UNDER MANAGEMENT

Around \$4.6 B

MEMBERSHIP GROWTH OVER THE LAST FOUR YEARS



8.29%

June 2009 June 2010 June 2011 June 2012 June 2013

Membership growth prior to 1 April 2011 is a combined total of ESI Super and SPEC Super pre-merger memberships.

REVENUE UP [from previous year]

EXPENSES UP [from previous year]

138%

29%

ILLION

HELPING YOU LEARN ABOUT YOUR SUPER

Based on what you told us in our last member survey, we've continued to look at innovative ways to help you learn more about your super:



ANNUAL MEMBER FORUMS –

this year's forum was very well-received, with over 300 members attending six separate events across Queensland (Brisbane, Cairns, Townsville, Rockhampton and the Sunshine Coast) to learn more about their super.

EMPLOYER VISITS –

996 this year
(up 23% from the previous year)

WEBSITE –

over 258,000 website visitors this year
(up 26% from the previous year)

SEMINARS –

6,625 members attended a seminar or on-site meetings (up 121% from the previous year)

FINANCIAL ADVICE –

1144 single issue advice statements issued (up 240% from the previous year) around contributions, investment options and insurance – at no extra cost to members. 179 holistic statements of advice were issued on a fee for service basis.

MEMBER SERVICES –

over 40,000 calls taken.

WHAT OTHERS THINK

We're very proud to have received the highest award possible from these leading ratings agencies.

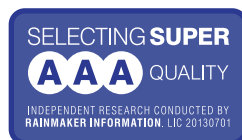
SUPERRATINGS¹

Platinum rating 'Best Value for Money' for the Fund in 2013.



SELECTING SUPER²

AAA Quality Assessment for the Fund in 2013.



CANSTAR³

5 star award for "Outstanding Value" for the Fund in 2012-13



WE HAVE ALSO BEEN RECOGNISED BY RATINGS AGENCIES CHANT WEST⁴ ([CHANTWEST.COM.AU](http://chantwest.com.au)) AND MORNINGSTAR⁵ ([MORNINGSTAR.COM.AU](http://morningstar.com.au))

Rating provided by:

1. SuperRatings Pty Ltd (ABN 95 100 192 283, AFSL 311880)
2. Rainmaker Information Ltd (ABN 86 095 610 996)
3. CANSTAR Pty Ltd (ABN 21 053 646 165, AFSL 312804)
4. Chant West Pty Ltd (ABN 75 077 595 316, AFSL 255320)
5. Morningstar Australasia Pty Ltd (ABN 95 090 665 544, AFSL 240892)

Ratings are only one factor to be considered when making investment decisions and you should seek financial advice if you are thinking about making changes to your super.

Refer to the How Do We Compare page at energysuper.com.au for information about the ratings and the rating scale.

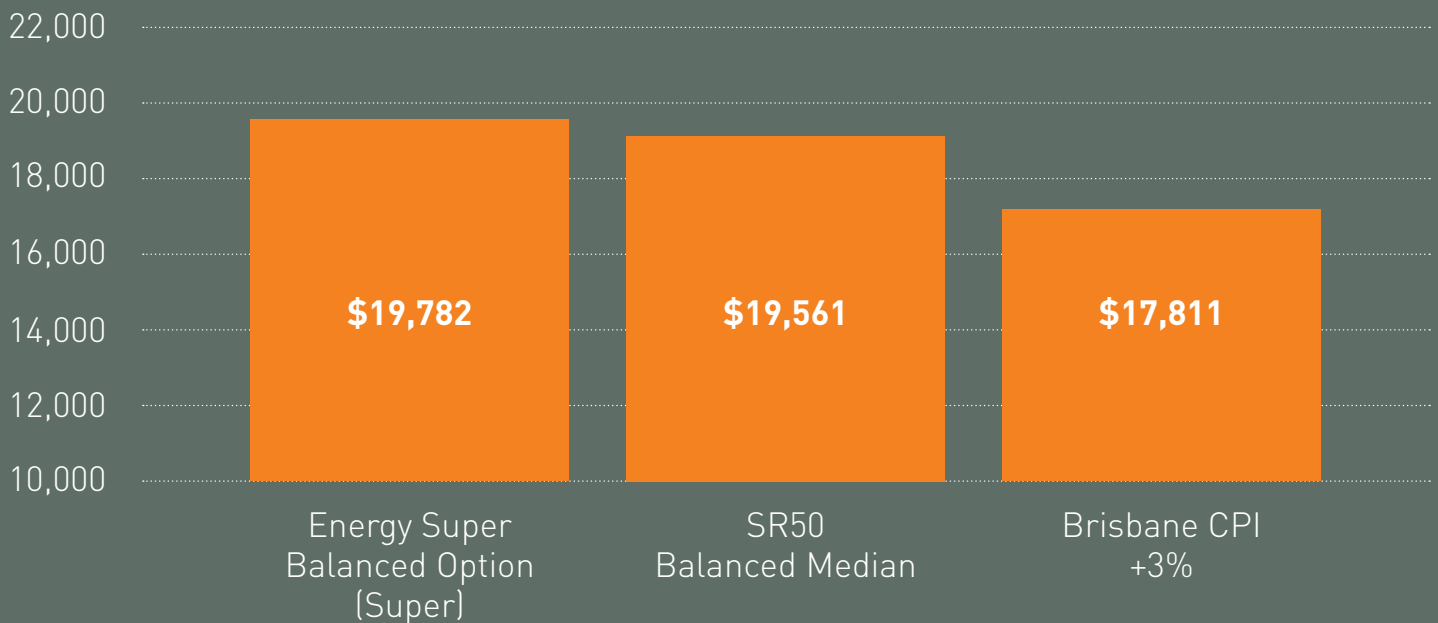
PERFORMANCE UPDATE

Financial Year 2013 was a strong year for Fund growth and investment performance for Energy Super. Total Funds Under Management increased by over 15% from the previous year driven by positive results in all diversified and single sector options and net positive cash flows from members. The Balanced option returned in excess of 15% for the financial year as

domestic and international equity markets delivered double digit returns. This positive result was further enhanced by the Fund's unlisted infrastructure program which saw a number of material positive revaluation increases from increased domestic and international fund interest. The Fund's active management approach to public markets helped deliver over 150 basis

points of net benefit to the Australian Equities asset class as five of the Fund's six equity managers outperformed their respective benchmarks for the year. Overall it was a very positive year for the Fund however we would caution members not to expect the levels of returns seen this year to be repeated in the near future.

GROWTH OF \$10,000 OVER 10 YEARS TO 30 JUNE 2013



This graph is based on an initial investment of \$10,000 with no withdrawals or contributions.

The Energy Super Balanced option growth shown above is based on valuation factors, which are determined by daily movement of the Energy Super Balanced option's assets and are net of investment management fees, the percentage based administration fee and tax, where applicable.

SR50 Balanced Median is calculated by SuperRatings monthly. It works similar to major share indices and provides a consistent measurement for super funds and consumers. The SR50 is published to provide a better representation of return medians, ensuring that small funds (with few members) do not have a major impact on the median result. Fund options included in the Median are diversified options with a growth assets ratio between 60% and 76%. It is calculated net of investment fees, tax and implicit asset-based administration fees. Explicit fees such as fixed dollar administration fees, exit fees, contribution fees, and switching fees are excluded.

Investments can go up and down. Past performance is not necessarily indicative of future performance.

PERFORMANCE UPDATE

PERFORMANCE UPDATE

Investment option	Compound return to 30 June 2013				Inception date	Annual crediting rates to 30 June				
	10 yrs % pa	5 yrs % pa	3 yrs % pa	Since inception		2013	2012	2011	2010	2009
Defined Benefit										
Defined Benefit /Three Year Average	5.81	2.02	5.1	7.41	01/07/1995	7.98	6.13	1.33	-3.32	-1.57
Defined Contribution										
Cash Deposit	N/A	N/A	4.39	3.76	17/12/2008	3.73	4.70	4.75	2.89	1.00
Cash Enhanced	4.46	4.29	4.34	4.40	01/03/2002	3.49	4.25	5.29	4.85	3.60
Stable	6.48	5.17	6.87	5.64	01/02/2000	8.65	4.57	7.44	10.30	-4.45
Capital Managed	7.20	5.26	7.55	6.05	01/02/2000	11.35	2.91	8.55	11.93	-7.19
Balanced	7.06	3.78	8.08	5.77	01/02/2000	15.04	0.54	9.17	9.05	-12.58
SRI Balanced	N/A	3.32	7.31	0.53	24/07/2007	17.54	0.47	4.66	9.16	-12.73
Growth	8.07	4.92	8.95	6.17	01/02/2000	18.18	-0.89	10.43	12.16	-12.36
Australian Shares	9.52	3.78	8.44	7.66	01/03/2002	23.41	-8.02	12.32	17.58	-19.70
International Shares	5.37	2.12	10.15	1.74	01/03/2002	24.32	-2.93	10.73	8.71	-23.54
Smoothed Return	5.60	1.82	4.93	5.79	01/07/1999	7.85	5.95	1.12	-3.55	-1.80
Capital Guarantee	5.56	2.48	4.16	6.51	01/07/1990	7.08	5.19	0.34	0.00	0.00
Market Linked Pension and Income Stream										
Cash Deposit	N/A	N/A	5.18	4.45	17/12/2008	4.4	5.56	5.61	3.40	1.21
Cash Enhanced	5.30	5.09	5.12	5.23	01/03/2002	4.12	5.02	6.25	5.73	4.33
Stable	7.70	6.17	8.35	6.63	01/02/2000	10.04	5.21	9.88	11.79	-5.17
Capital Managed	8.48	6.26	9.14	7.07	01/02/2000	13.35	3.28	11.08	13.58	-8.29
Balanced	8.16	4.38	9.31	6.60	01/02/2000	17.68	0.58	10.37	10.40	-14.10
SRI Balanced	N/A	3.74	8.16	0.56	24/07/2007	19.66	0.61	5.11	10.08	-13.72
Growth	9.17	5.52	10.15	6.65	01/02/2001	21.44	-1.03	11.21	13.58	-13.82
Australian Shares	N/A	4.06	9.05	7.19	01/03/2005	25.64	-7.79	11.96	18.12	-20.37
International Shares	N/A	1.97	11.27	3.69	01/03/2005	27.82	-3.28	11.45	9.62	-27.01

Past performance is not indicative of future performance.

NET EFFECTIVE EARNING RATE (%)*

Year	Defined Benefit	Smoothed Return	Capital Guarantee
2013	14.9	15.04	15.04
2012	0.46	0.54	0.54
2011	9.10	9.17	9.17
2010	9.07	9.05	9.05
2009	-12.58	-12.58	-12.58
Over 5 years	3.73	3.78	3.78
Over 10 years	7.03	7.06	7.06

*Net effective earning rates are after tax and investment charges and are to 30 June 2013

CREDITING RATES

Crediting rates for investment options are generally equal to the investment earning rate of the investment option, less tax and other management costs. The exceptions to this are the Defined Benefit/Three Year Average, Smoothed Return investment option and the Capital Guarantee investment option. Information on how crediting rates for these options are calculated are listed below.

DEFINED BENEFIT

The Defined Benefit investment pool crediting rate is calculated by averaging the net effective earning rates (opposite) for the last three years (subject to any adjustments the Trustee considers appropriate having regard to the financial position of the pool). The crediting rate policy may be changed from time-to-time.

SMOOTHED RETURN

The Smoothed Return investment option crediting rate is calculated by averaging the net effective earning rates (opposite) of the Balanced investment option for the last three financial years. This average is then adjusted to maintain the reserves required for the smoothing process. In years where investment performance is good, the crediting rate may be lower than actual earnings. Conversely, in years where investment performance is lower, the crediting rate may be higher than actual earnings. By smoothing the crediting rates, the variations in investment performance are averaged over a longer period. The reserves for smoothing of returns are supported by employers who offer the Smoothed Return investment option to their employees.

CAPITAL GUARANTEE

The crediting policy applied to the Capital Guarantee investment option is designed to protect your investment from negative returns from one year to the next by first applying a “smoothing” factor to net earnings of the Defined Benefit investment pool. Smoothing of the earnings is achieved by (each year) calculating net effective earnings (opposite) averaged over the past three financial years, and then discounting the result by a factor, as advised by the Fund Actuary, to maintain enough reserves to support the guarantee. Reserves for the Capital Guarantee investment option are supported by the employers who offer the Capital Guarantee investment option to their employees.

More information on how crediting rates are calculated can be found on page 34.

We care about providing up-to-date information through a range of communication material so you have the tools to understand your super and manage your wealth into retirement.



WHO LOOKS AFTER YOUR SUPER?

Member Representative Directors

BOB HENRICKS

*Chair and Member Representative Director
Qld Licensed Electrical Mechanic, (Age 68)
Nominated by the Electrical Trade Union*

Appointed as Member Representative Director of ESIS(Q) in May 1995 and Chair of ESIS(Q) in 1995 and each year following. Bob is also Chair of Energy Super's Investment Committee and a member of the Remuneration Committee. Bob is a leading figure in Queensland's energy industry, after beginning his career as an apprentice electrician in 1961. Bob has been involved with industry super funds for over 30 years, and has considerable experience in board processes, corporate governance, investment management and product development.

Other boards served on as at 30 June 2013:

- **Director/Chair, AUST(Q) Super**
- **Alternate Director, The Private Capital Group**
- **Director, ESIFS Pty Ltd**

KEVIN CAMP

*Member Representative Director
Associate Diploma of Business Management, Certificate of Superannuation Management, Trusteeship & ASFA146 Superannuation, Electrical Fitter and Mechanic, (Age 64)
Nominated by the Queensland Services Union
Appointed as Member Representative Director of ESIS(Q) in December 2001*

Kevin has over 40 years experience in the electrical supply industry. He commenced his career as an apprentice Electrical Fitter and Mechanic in 1966. Since then he has worked largely in the energy industry throughout Queensland. In 1996 Kevin was 1 of 11 Australians selected to attend the CMSF Study tour of the United States pension plans to improve Australian

superannuation. Kevin later worked as the network operations standards officer for Ergon where he was responsible for setting the standards and providing training for all HV operators. Kevin served on the Member Services Committee where he served as Chair from 2006 until 2007 and is currently a member of the Investment Committee.

Other boards served on as at 30 June 2013:

- **Director, Meanderham**
- **Director, The Private Capital Group**

DAVID SMITH

*Member Representative Director
Diploma of Financial Services (Superannuation), ASFA Accredited Investment Fiduciary, (Age 50)
Nominated by the Queensland Services Union*

Appointed as Member Representative Director of ESIS(Q) in December 2007, David is also Chair of Energy Super's Remuneration Committee, a member of the Member Services, Marketing and Claims Committee and a member of the Investment Committee. David is the National Secretary for the Australian Services Union and has been representing members in local government, energy, rail, port authorities, and social and community services for more than 18 years.

Other boards served on as at 30 June 2013:

- **Director, Australian Discount Shopper (Union Shopper)**
- **Alternate Director, HESTA Super**

PETER SIMPSON

*Member Representative Director
Live Line Certificate of Competency (Trade), (Age 50)
Nominated by the Electrical Trade Union*

Appointed as Member Representative Director of ESIS(Q) in May 2013,

Peter is also a member of the Member Services, Marketing and Claims Committee and a member of the Investment Committee. Peter is committed to helping employees navigate the industry's continual evolution and development. After starting as an apprentice linesman, Peter later worked for a range of electricity organisations across New South Wales, the ACT and Queensland. Peter is the ETU State Secretary for Queensland and is responsible for all matters concerning the union, including membership, management of finances and assets, safety, training and licensing, and other activities.

Other boards served on as at 30 June 2013:

- **Director, CIRT**
- **Director, JETCO**

SCOTT WILSON

*Member Representative Director
Electrical Fitter Mechanic, ACA Cabling Licence, Dip OHS, Cert IV TAA, (Age 49)
Nominated by the Electrical Trade Union*

Appointed as Member Representative Director of ESIS(Q) in December 2011, Scott is also a member of Energy Super's Investment Committee and Chair of the Member Services, Marketing & Claims Committee. Since starting an electrical fitter mechanics apprenticeship in 1982, Scott has worked extensively in the electrical construction and service industry, both in Australia and overseas. Scott is the training officer for the Queensland Nurses Union and the Electrical Trades Union, where he researches, writes, delivers and accesses a variety of training in OHS, industrial relations and trade skills.

Other boards served on as at 30 June 2013:

- **Director, Electro Group Training Pty Ltd**
- **Director, Electro Group Apprentices Pty Ltd**
- **Alternate Director, AUST(Q) Super**

Employee Representative Directors

GARY HUMPHRYS

Employer Representative Director

Diploma of Commerce, Post Graduate Diploma Business Administration, (Age 62) Nominated by Ergon

Appointed as Employer Representative Director of ESIS(Q) in May 2013, Gary is also a member of Energy Super's Audit, Compliance and Risk Committee and a member of the Investment Committee. Gary brings more than 35 years' experience in the energy and mining industries to the Board. Gary has held senior executive roles in both the private and public sectors across a range of disciplines, including finance and accounting, treasury, taxation, information and technology, procurement, risk management and audit.

Other boards served on as at 30 June 2013:

- **Director, Ergon Energy**
- **Director, St Vincent's Health Australia Ltd**
- **Alternate Director, Guildford Coal Ltd**

GEOFF BALDWIN

Employer Representative Director

(Age 62)

Nominated by the Electrical Contractors Association

Appointed as Employer Representative Director of ESIS(Q) in March 2011, Geoff is also Chair of Energy Super's Audit, Compliance & Risk Committee, member of the Member Services, Marketing and Claims Committee and a member of the Investment Committee. Geoff has over 35 years' experience in the energy industry. Geoff is currently the Managing Director of GJ Baldwin & Associates Pty Ltd, an electrical, refrigeration and air-conditioning contracting company he founded in 1975. He has also held the position of Chairman for Electro Industries Group Queensland Limited and Electro Group Training Qld Limited, where he worked towards

strengthening the skills of apprentices and placing them with host employers across Queensland.

Other boards served on as at 30 June 2013:

- **Managing Director, GJ Baldwin & Associates Pty Ltd**
- **Director, Tamborine Refrigeration Services Pty Ltd**
- **Managing Director, Baldwin & Hardy Pty Ltd**
- **Managing Director, Laser Solar Pty Ltd**
- **Director, Electrogrouop Training Qld Ltd**
- **Director, Electro Industry Group Training Qld Ltd**
- **Director, Master Electricians Australia**

RICHARD COX

Employer Representative Director

(Age 67)

Nominated by the Electrical Contractors Association

Appointed as Employer Representative Director of ESIS(Q) in March 2011, Richard is also a member of Energy Super's Investment Committee. Richard has held numerous roles at the Electrical and Communications Association (ECA), finishing up as Chief Executive in 2007.

Richard's experience includes industrial relations, government lobbying, designing and implementing business tools and education programs, principally for small business.

JOHN GELDARD

Employer Representative Director

BE, BCom, CPA, FAICD, (Age 67)

Nominated by Energex

Appointed as Employer Director of ESIS(Q) in November 2007, John is a member of Energy Super's Audit, Compliance & Risk Committee and a member of the Investment Committee. John has extensive experience within the private

and public sectors in the manufacturing, mining and energy industries, and has been involved with electricity industry reform in Queensland and Western Australia. John was previously CEO and CFO of Energex, and before that was CFO of the Queensland Transmission and Supply Corporation.

Other boards served on as at 30 June 2013:

- **Director, Energex Ltd**

MARK WILLIAMSON

Employer Representative Director

MAICD, Associate Diploma in Industrial Engineering, (Age 62)

Nominated by Generators

Appointed as Employer Director of ESIS(Q) in December 2011 and appointed as Deputy Chair of ESIS(Q) in 2013, Mark is also a member of Energy Super's Member Services, Marketing and Claims Committee, a member of the Audit, Compliance & Risk Committee, a member of the Remuneration Committee, and member of the Investment Committee. Mark is an experienced director who has served on the boards of a number of leading Australian companies, as well as holding senior executive roles in the electricity, IT, telecommunications and airline industries, both within Australia and overseas.

Other boards served on as at 30 June 2013:

- **Director, CS Energy Ltd**
- **Chairman, Allconnex (to September 2012)**
- **Director, Transmax Pty Ltd**
- **Director, ESIFS Pty Ltd**

AN UPDATE ON YOUR INVESTMENTS

Bob Henricks // Chairperson, Energy Super

MARKET UPDATE

The economic landscape continued to be shaped by domestic and international forces over the past year. While still strong, China's economic growth has slowed to a more sustainable level, while in the US and the Eurozone, there was a mix of positive data and ongoing investor concern surrounding both economies' future.

We also saw falls in interest rates around the world, as central banks attempted to stimulate their economies and generate growth.

Despite the uncertainty, equity markets performed well over the year, driven by the 'flight to yield' where investors poured money into equities in pursuit of better returns. Those companies that have been able to demonstrate strong, reliable cash flows were particularly favoured by investors.

In contrast, most developed markets' sovereign debt, and cash and short-term fixed interest products delivered negative returns after inflation on the back of low interest rates.

OUTCOMES FOR THE YEAR

As a result of this market environment, we saw the majority of returns coming from our Australian Equities and our Growth Alternatives – specifically listed and unlisted Infrastructure.

Currency management played an active role in achieving returns and our hedging positions moved from our long term positioning during this time.

For our investment options that were largely invested in Defensive assets, such as Cash or Fixed Interest, our returns were more modest this year mainly in response to falling Australian interest rates.

Two other key changes we made during the year were:

- Having our diversified options, other than SRI Balanced, invested in the Queensland Government Office Fund, which gives them a 25% stake in seven Brisbane CBD office towers. With a fixed lease contract with the Queensland Government, we believe the stable reliable cash flow will assist the Fund in meeting its objectives.
- Restructuring our international equities exposure by moving \$750 million out of a pooled vehicle (with eight underlying managers) into three discrete mandates and one pooled vehicle. Along with improved diversification, this change reduces the layer of investment managers within this asset class, reduces our fee structure and enhances our ability to manage the International Equity asset class.

MARKET OUTLOOK

With the structural issues in the domestic and global economy not expected to be resolved in the near term, we remain cautiously optimistic and feel these issues will continue to drive investment markets for the next 12 months.

While there will be some uncertainty, we'd expect the global economy to improve but continue to grow below potential.

With returns of cash and fixed income investments expected to remain low due to low interest rates, we believe the asset allocation changes we've made during the year means the Fund is well-positioned to benefit from the increased investor demand for growth assets.

Consistent with our active approach to managing your investments, we will continue to monitor and make adjustments to all our investment options, in line with changing financial, economic and capital market dynamics.

To follow the performance of your investment options, I'd encourage you to subscribe to our Monthly Performance Update email or by visiting our interactive performance pages at energysuper.com.au/performance

WHO MANAGES YOUR MONEY

We partner with some of the world's best investment managers, either through pooled investment vehicles or discrete mandates to help us implement the investment strategy for each investment option.

When appointing investment managers, we focus on appointing those that have

demonstrated an ability to successfully manage risk and achieve superior returns over the full economic cycle.

We also pay very careful attention to fees, costs and tax including performance fees, to ensure that all our investment managers provide value for money for our members.

We regularly monitor the performance of our investment managers with the help of JANA, one of Australia's leading asset consultants, to ensure best-practice investment management and to help us to identify new investment opportunities.

WHO MANAGES YOUR MONEY

CONTINUED

WHO MANAGES YOUR MONEY (AS AT 30 JUNE)

Manager	Asset class	Investment product	2013 \$,000	2013 %	2012 \$,000	2012 %
AMP Capital Investors Ltd	Internat'l Shares	Future Directions Core International Share Fund	-	0.00%	561,149	13.96%
	Alternatives	AMP Australia Pacific Airports Fund No 3	18,358	0.39%	15,512	0.39%
	Socially Responsible	Responsible Investment Leaders Balanced Fund	13,764	0.29%	9,226	0.23%
Apostle Asset Management Ltd	Alternatives	Loomis Sayles Credit Opportunities Fund	85,991	1.84%	82,454	2.05%
Balanced Equity Management Pty Ltd	Australian Shares	BEM Core Fund	273,943	5.86%	232,296	5.78%
BlackRock Asset Management Australia Ltd	Alternatives	BlackRock Global Ascent Fund	30,227	0.65%	28,674	0.71%
Contango Asset Management Ltd	Australian Shares	Contango Wholesale Microcap Fund	-	0.00%	38,793	0.96%
ESI Financial Services Pty Ltd	Shares in Unlisted Entities	ESI Financial Services Pty Ltd	621	0.01%	621	0.02%
	Cash	Energy Super Cash Deposit Fund	112,261	2.40%	115,959	2.88%
		Energy T.D. Cash Enhanced	365,633	7.82%	324,095	8.06%
Franklin Templeton Investments Australia Ltd	Alternatives	Asian Real Estate Fund	20,099	0.43%	18,817	0.47%
Greencape Capital Pty Ltd	Australian Shares	Greencape Fund	199,136	4.26%	150,890	3.75%
Hamilton Lane Co-Investment GP II LLC	Alternatives	Hamilton Lane Co-Investment Fund II L.P.	38,843	0.83%	31,081	0.77%
HarbourVest Partners LLC	Alternatives	Harbourvest Dover Street VII	47,165	1.01%	42,980	1.07%
Harding and Loevner	Internat'l Shares	Global Equity	140,610	3.01%	-	0.00%
Hastings Funds Management Ltd	Alternatives	The Infrastructure Fund	220,164	4.71%	168,734	4.20%
Hyperion Asset Management Ltd	Australian Shares	Hyperion Fund	200,692	4.29%	149,383	3.72%
Industry Super Holdings	Alternatives	Industry Super Holdings	532	0.01%	462	0.01%
JCP Investment Partners Ltd	Australian Shares	JCP Core Fund	285,290	6.10%	234,213	5.83%
LaSalle Investment Management (formerly Trinity Funds Management Ltd)	Property	LaSalle Club Investment	38,780	0.83%	37,064	0.92%
		LaSalle Australia Core Plus Fund	52,985	1.13%	50,621	1.26%
		Alternatives LaSalle TLET Fund	1,217	0.03%	3,470	0.09%
		LaSalle TOP Fund	3,180	0.07%	7,321	0.18%
Legg Mason Asset Management Australia Ltd	Australian Shares	Legg Mason Value Fund	174,506	3.73%	136,924	3.41%
Lexington Partners	Shares in Unlisted Entities	Lexington Capital Partners VI-B LP	13,318	0.28%	13,604	0.34%
Longview Partners	Internat'l Shares	Global Equity	192,610	4.12%	-	0.00%
Macquarie Investment Management Ltd	Alternatives	Macquarie Alternative Investment Trust No. 3	9,111	0.19%	9,431	0.23%
		Macquarie Alternative Investment Trust No. 4	10,630	0.23%	12,262	0.30%
Macquarie Specialised Asset Management Ltd	Alternatives	Macquarie Global Infrastructure Fund III	31,851	0.68%	32,399	0.81%

WHO MANAGES YOUR MONEY

CONTINUED

WHO MANAGES YOUR MONEY (AS AT 30 JUNE)						
Manager	Asset class	Investment product	2013 \$,000	2013 %	2012 \$,000	2012 %
Martin Currie Investment Management Limited	Internat'l Shares	Global Emerging Markets Fund	32,598	0.70%	28,894	0.72%
ME Portfolio Management Pty Ltd	Global Fixed Interest	Industry Funds Management Super Business Loans Trust	6,695	0.14%	8,903	0.22%
Neuberger Nerman Australia Pty Limited	Internat'l Shares	Emerging Markets Equity Trust	72,101	1.54%	66,752	1.66%
Pantheon Ventures LLP	Shares in Unlisted Entities	Pantheon Global Secondary Fund II	2,285	0.05%	2,860	0.07%
Perennial Investment Partners Ltd	Global Fixed Interest	Australian Fixed Interest Fund	166,000	3.55%	180,437	4.49%
PIMCO Australia Pty Ltd	Global Fixed Interest	Global Bond Fund	134,347	2.87%	140,120	3.48%
QIC Ltd**	Australian Shares	QIC Active Small Companies	57,130	1.22%	54,772	1.36%
	Derivatives*	QIC Derivative Passive Overlay – Currency	-22,415	-0.48%	2,198	0.05%
		QIC Growth Overlay	-6,987	-0.15%	1,405	0.03%
	Property	QIC Property Fund	342,803	7.34%	332,833	8.28%
	Alternatives	Queensland Government Office Fund	101,035	2.16%	-	0.00%
	Alternatives	Global Fixed Interest Alpha Fund	-	0.00%	56,091	1.40%
	Cash	QIC Cash Enhanced Fund	410,507	8.78%	293,525	7.30%
Quay Partners Pty Ltd	Alternatives	Quay Australia No. 2 Fund	2,196	0.05%	2,478	0.06%
		Quay Australia No. 4 Fund	16,659	0.36%	16,003	0.40%
RARE Infrastructure Ltd	Alternatives	RARE Infrastructure Fund	35,153	0.75%	30,803	0.77%
Russell Investment Management Ltd	Alternatives	Russell Global Property Fund 1	52,442	1.12%	40,388	1.00%
Sands Capital	Internat'l Shares	Global Equity	154,604	3.31%	-	0.00%
Schroders	Internat'l Shares	Global Equity	279,296	5.98%	-	0.00%
Siguler Guff & Company LLC	Alternatives	Siguler Guff Distressed Opportunity Fund III	10,189	0.22%	11,274	0.28%
	Alternatives	Siguler Guff Distressed Opportunity Fund IV	10,028	0.21%	6,009	0.15%
Stone Harbour Investment Partners LP	Alternatives	High Yield Bond Fund	41,717	0.89%	36,560	0.91%
The Private Capital Group Pty Ltd	Alternatives	PCUIII	6,718	0.14%	7,624	0.19%
	Alternatives	TPCGII	1,519	0.03%	1,793	0.04%
T Rowe Price International Ltd	Internat'l Shares	Asia Ex-Japan Fund	60,253	1.29%	47,507	1.18%
Transition account	Internat'l Shares	Residual transition account	830	0.02%	-	0.00%
Investments subtotal			4,549,220	97.32%	3,877,664	96.41%
Other cash			34,816	0.74%	57,887	1.45%
Other assets subtotal			90,556	1.94%	85,161	2.14%
TOTAL ASSETS			4,674,592	100%	4,020,712	100%

* See Policy on derivatives on page 34.** QIC Ltd use various risk management products. Some of the products hedge against variations in currency.

WHAT YOU'RE INVESTED IN

Here you'll learn more about the asset classes that we invest in, the investments within these asset classes and the investment terms referred to in the *Energy Super Investment Guide* available at energysuper.com.au

DEFINITION		TOP FIVE HOLDINGS
Growth Assets		
Shares	An investment in a portion of a company.	
Australian Shares	Investments in Australian listed shares.	BHP Billiton Limited Commonwealth Bank of Australia Australia and New Zealand Banking Group Westpac Banking Corporation National Australia Bank
International Shares	Investments in internationally listed shares.	Wells Fargo
International Shares (hedged)	Investments in internationally listed shares with a "Currency Overlay Account" managed by an external manager, which hedges the currency exposure.	Google Inc. Amazon.com Inc. Pfizer Inc. Visa Inc.
Property	Investments in "Retail", "Commercial", "Industrial", or domestic property. Typically the investments are via "Unlisted Property Trusts", although the Fund may invest in listed property trusts.	Castle Towers Robina Town Centre Canberra Centre Home Hub Hills Westpoint
Growth Alternatives	Investments in domestic and "International Private Equity" global infrastructure, "Global Opportunistic Property" and other selected opportunities with expected returns at or above listed growth assets, but with lower correlations.	Queensland Airports North Queensland Airports Sydney Desalination Plant Electra Net Freeport LNG
Defensive Assets		
Defensive Alternatives	Investments in high yielding "Fixed Interest Strategies", "Infrastructure Income" and specialist managers with expected returns at or above traditional fixed interest investments, but with lower correlations.	111 George Street, Brisbane CBD 61 Mary Street, Brisbane CBD 33 Charlotte Street, Brisbane CBD 54 Mary Street, Brisbane CBD 41 George Street, Brisbane CBD
Global Fixed Interest	Investments in high quality "Global Fixed Interest Securities" including corporate securities/bonds, "Mortgage Securities", "Macro Strategies", and "Micro Credit Security Strategies".	US Treasury Queensland Treasury New South Wales Treasury Victoria Treasury Australian Commonwealth Government
Cash Enhanced	Investments in high quality domestic cash and cash like securities including "Floating Rate Notes", "Mortgage Securities", "Promissory Notes", cash at call and cash deposits.	Suncorp Bank of Queensland National Australia Bank Westpac Commonwealth Bank of Australia
Cash	Investments in domestic retail or wholesale cash at call or "Fixed Term Deposit Facilities", which may be covered by the Federal Government Bank Guarantee Scheme.	Suncorp Bank of Queensland Heritage Bendigo and Adelaide Bank AMP

INVESTMENT OPTIONS

Single sector options	An investment option that invests in one asset class like Australian shares.
Diversified options	A blend of single sector options to suit different risk and return objectives.
Suggested timeframe	How long you need to invest in an investment option to give it the best chance of meeting its investment return objective.
Risk level	The level of risk taken by an investment option to meet its investment return objective. Generally, the higher the risk, the higher the potential return.
Strategic asset allocation	The mix of assets within each investment option that is calculated to meet its investment return objective.
Asset allocation	The current mix of assets as at 30 June 2013.

YOUR INVESTMENTS

The following tables show the investment objectives, minimum suggested investment timeframe, risk level, strategic and actual asset allocations for each of Energy Super's investment options including our Defined Benefit investment pool as at 30 June 2013. Members can keep up to date with Energy Super's latest performance by subscribing to our monthly investment updates at energysuper.com.au

Defined Benefit

Investment return objectives¹

This option aims to:

- provide similar investment returns as the Balanced investment option; and
- achieve returns (after tax and other costs) over rolling seven year periods of 3% above inflation.²

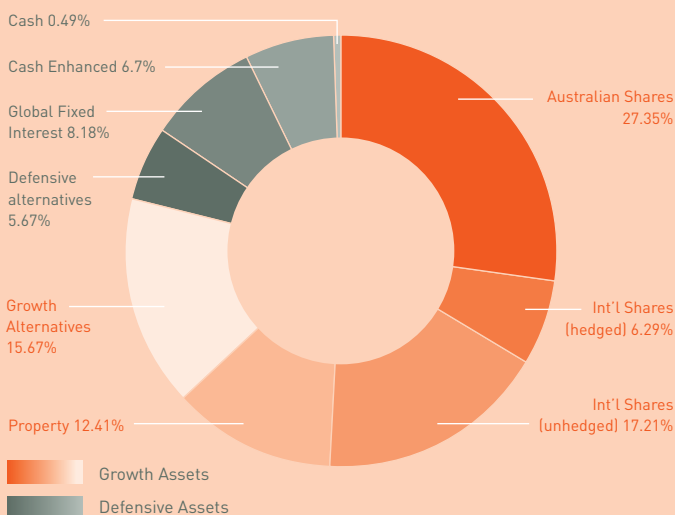
Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	28	20-40
International Shares (hedged)	11	0-30
International Shares (unhedged)	11	0-30
Property	10	0-20
Growth Alternatives	15	5-25
Total growth assets	75	65-80
Defensive alternatives	5	0-10
Global Fixed Interest	10	0-25
Cash Enhanced	10	0-25
Cash	-	-
Total defensive assets	25	20-35

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? **No**

Cash Deposit

Investment return objectives¹

This option aims to:

- provide a positive return each year; and
- achieve returns (before tax and other costs) over rolling three years of at least the return from retail cash management trusts.

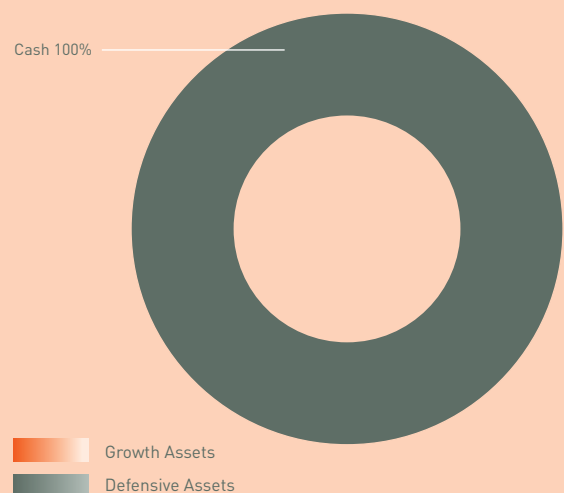
Minimum suggested investment timeframe One year

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	-	-
International Shares (hedged)	-	-
International Shares (unhedged)	-	-
Property	-	-
Growth Alternatives	-	-
Total growth assets	0	0
Defensive alternatives	-	-
Global Fixed Interest	-	-
Cash Enhanced	-	-
Cash	100	0-100
Total defensive assets	100	0-100

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? **Yes**

1. Investment return objectives are not guaranteed to be met.
2. Inflation is measured by the Brisbane Consumer Price Index (CPI)
3. See Standard Risk Measure on page 34

Cash Enhanced

Investment return objectives¹

This option aims to:

- provide a positive return modestly higher than the Cash Deposit option; and
- achieve returns (after tax and other costs) over rolling three years of 1% above inflation.²

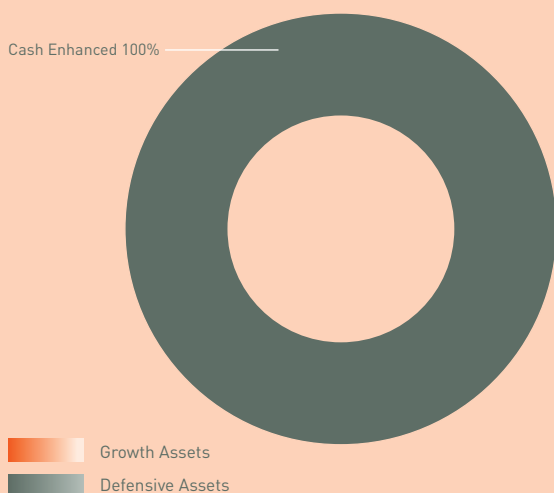
Minimum suggested investment timeframe One year

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	-	-
International Shares (hedged)	-	-
International Shares (unhedged)	-	-
Property	-	-
Growth Alternatives	-	-
Total growth assets	0	0
Defensive alternatives	-	-
Global Fixed Interest	-	-
Cash Enhanced	100	0-100
Cash	-	-
Total defensive assets	100	0-100

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? Yes

Stable

Investment return objectives¹

This option aims to:

- provide returns modestly higher than generally associated with cash and fixed interest assets; and
- achieve returns (after tax and other costs) over rolling five years of 1.5% above inflation.²

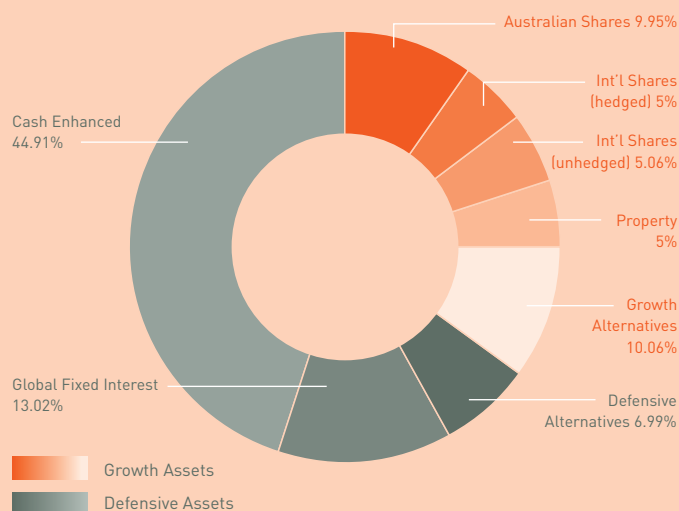
Minimum suggested investment timeframe Three years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	10	0-20
International Shares (hedged)	10	0-20
International Shares (unhedged)	-	0-20
Property	5	0-10
Growth Alternatives	10	0-20
Total growth assets	35	0-35
Defensive alternatives	5	0-10
Global Fixed Interest	15	10-50
Cash Enhanced	45	10-50
Cash	-	-
Total defensive assets	65	65-100

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? Yes

Capital Managed

Investment return objectives¹

This option aims to:

- provide returns with some capital growth balanced by other relatively stable returns from Cash and Fixed Interest assets; and
- achieve returns (after tax and other costs) over rolling five years of 2% above inflation.²

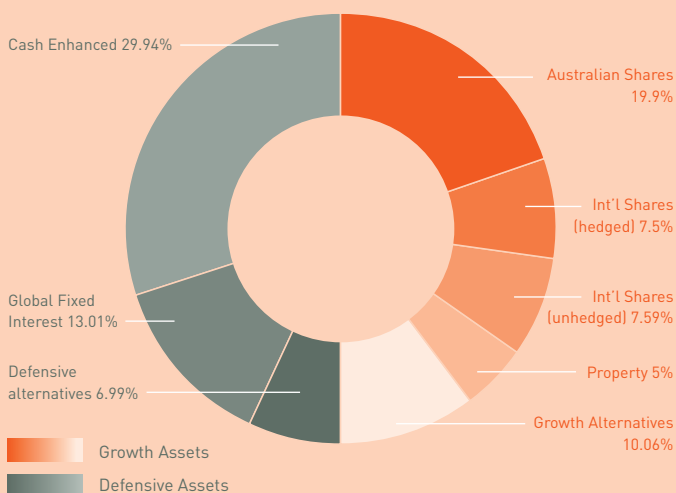
Minimum suggested investment timeframe Three years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	20	10-30
International Shares (hedged)	15	0-25
International Shares (unhedged)	-	0-25
Property	5	0-10
Growth Alternatives	10	0-20
Total growth assets	50	45-55
Defensive alternatives	5	0-10
Global Fixed Interest	15	5-45
Cash Enhanced	30	0-40
Cash	-	-
Total defensive assets	50	45-55

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? Yes

Balanced

Investment return objectives¹

This option aims to:

- provide higher returns, mainly from capital growth, than the Stable and Capital Managed options; and
- achieve returns (after tax and other costs) over rolling seven year periods of 3% above inflation.²

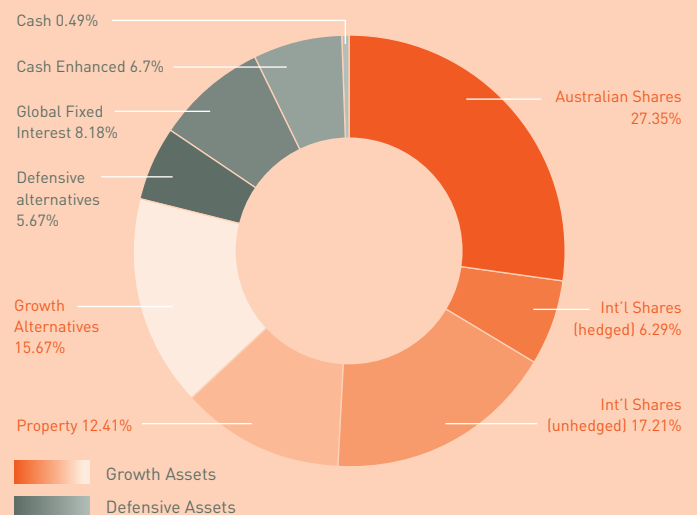
Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	28	20-40
International Shares (hedged)	11	0-30
International Shares (unhedged)	11	0-30
Property	10	0-20
Growth Alternatives	15	5-25
Total growth assets	75	65-80
Defensive alternatives	5	0-10
Global Fixed Interest	10	0-25
Cash Enhanced	10	0-25
Cash	-	-
Total defensive assets	25	20-35

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? No

1. Investment return objectives are not guaranteed to be met.
2. Inflation is measured by the Brisbane Consumer Price Index (CPI)
3. See Standard Risk Measure on page 34

SRI Balanced

Investment return objectives¹

This option aims to:

- provide returns higher than the Stable and Capital Managed options mainly from capital growth; and
- achieve returns (after tax and other costs) over rolling ten years of 3% above CPI.²

Minimum suggested investment timeframe

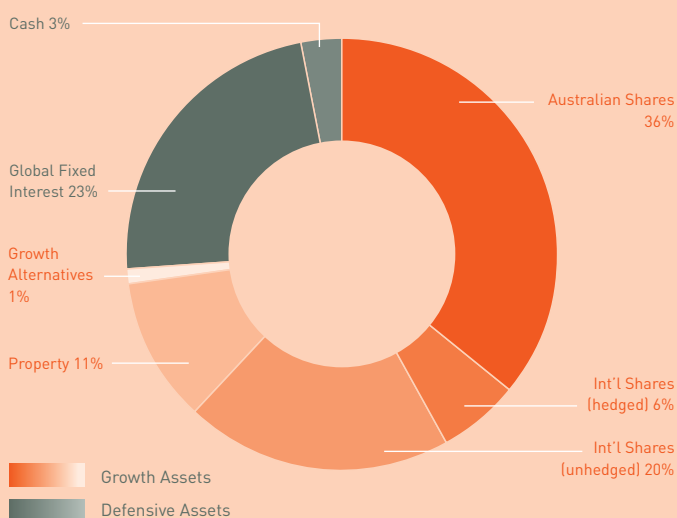
Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	36	31-41
International Shares (hedged)	6	0-11
International Shares (unhedged)	20	10-20
Property	11	0-26
Growth Alternatives	1	0-6
Total growth assets	74	N/A
Defensive alternatives	-	-
Global Fixed Interest	23	10-36
Cash Enhanced	-	-
Cash	3	0-8
Total defensive assets	26	N/A

Actual asset allocation as at 30 June 2013



Has this option met its investment objective?

N/A

Growth

Investment return objectives¹

This option aims to:

- provide considerable returns from capital growth; and
- achieve returns (after tax and other costs) over rolling ten years of 3.5% above inflation.²

Minimum suggested investment timeframe

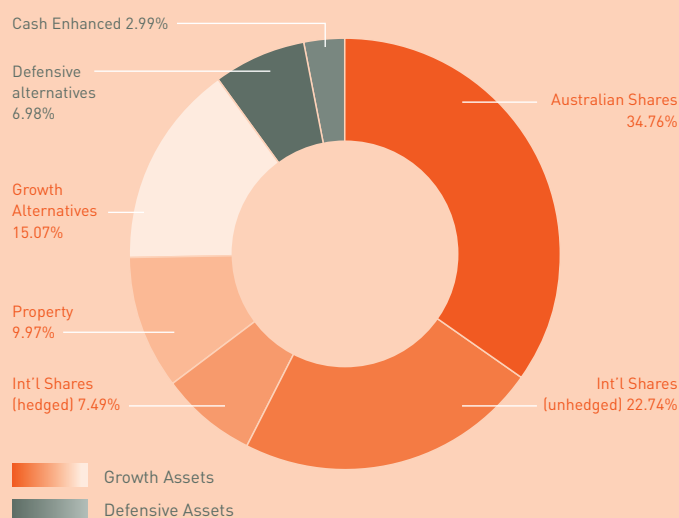
Seven years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	35	15-45
International Shares (hedged)	15	0-40
International Shares (unhedged)	15	0-40
Property	10	0-20
Growth Alternatives	15	5-25
Total growth assets	90	80-100
Defensive alternatives	5	0-10
Global Fixed Interest	-	0-10
Cash Enhanced	5	0-10
Cash	-	-
Total defensive assets	10	0-20

Actual asset allocation as at 30 June 2013



Has this option met its investment objective?

Yes

Australian Shares

Investment return objectives¹

This option aims to:

- provide high returns over the suggested time frame; and
- achieve returns (after tax and other costs) over rolling ten years of 3.5% above inflation.²

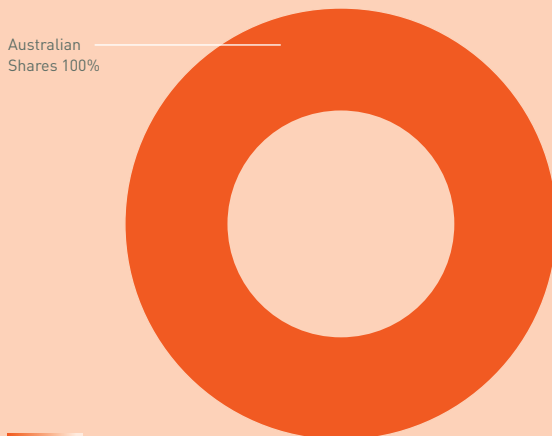
Minimum suggested investment timeframe Ten years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	100	90-100
International Shares (hedged)	-	-
International Shares (unhedged)	-	-
Property	-	-
Growth Alternatives	-	-
Total growth assets	100	90-100
Defensive alternatives	-	-
Global Fixed Interest	-	-
Cash Enhanced	-	-
Cash	-	0-10
Total defensive assets	0	0-10

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? Yes

International Shares

Investment return objectives¹

This option aims to:

- provide high returns over the suggested time frame; and
- achieve returns (after tax and other costs) over rolling ten years of 3.5% above inflation.²

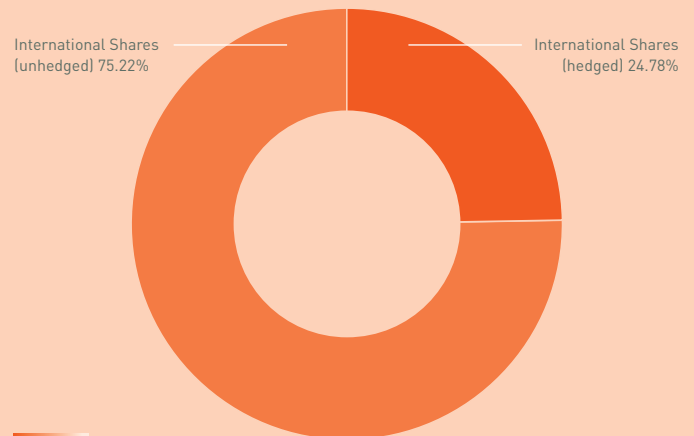
Minimum suggested investment timeframe Ten years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

Asset class	Strategic asset allocation (%)	Range (%)
Australian Shares	-	-
International Shares (hedged)	50	0-100
International Shares (unhedged)	50	0-100
Property	-	-
Growth Alternatives	-	-
Total growth assets	100	90-100
Defensive alternatives	-	-
Global Fixed Interest	-	-
Cash Enhanced	-	-
Cash	-	0-10
Total defensive assets	0	0-10

Actual asset allocation as at 30 June 2013



Has this option met its investment objective? No

1. Investment return objectives are not guaranteed to be met.
2. Inflation is measured by the Brisbane Consumer Price Index (CPI)
3. See Standard Risk Measure on page 34

Smoothed Return (Defined Contribution only)

Capital Guarantee (Defined Contribution only)

Investment return objectives¹

This option aims to:

- provide a return similar to the Balanced investment option but smoothed by movements to and from the reserve; and
- achieve returns (after tax and other costs) over rolling five year periods 2% above inflation.²

Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Investment return objectives¹

This option aims to:

- provide a return up to the Defined Benefit investment pool return less 1% but not less than zero; and
- achieve returns (after tax and other costs) over rolling two year periods 2% above inflation.²

Minimum suggested investment timeframe Five years

Risk level³ Low 1 2 3 4 5 6 7 High

Strategic asset allocation

The Smoothed Return investment pool is invested in the same pool as the Balanced investment option. Please refer to page 18 for detailed information.

Strategic asset allocation

The Capital Guarantee investment pool is invested in the same way as the Defined Benefit investment pool. Please refer to page 16 for detailed information.

Important information

This investment option has been made available to some employees of employers with agreement of the Trustee. Only contributions paid by these employers can be invested in this option. You cannot choose to invest your rollovers or lump sum contributions in this option, nor can you switch existing balances to it. If you switch to another option, you cannot transfer your money back to the Smoothed Return investment option. If you leave your employer, the treatment of your Smoothed Return investment amount will depend on your circumstances. Contact Energy Super for more information.

Important information

This investment option has been made available to some employees of some employers with agreement of the Trustee. Only contributions paid by these employers can be invested in this option. It is closed to new members. If you have an amount in the Capital Guarantee investment option you cannot choose to invest your rollovers or lump sum contributions in this option, nor can you switch other existing balances to it. If you switch to another option, you cannot transfer your money back to the Capital Guarantee investment option. If you leave your employer, the treatment of your Capital Guaranteed amount will depend on your circumstances. Contact Energy Super for more information.

YOUR INSURANCE

We continue to offer convenient, low-cost insurance where you can be covered for:

- **Total and Permanent Disablement** (TPD), where you receive a lump sum if you're permanently unable to work
- **Death Only**, where you receive a lump sum if you have a terminal illness, or where a lump sum is paid to your beneficiaries when you die
- **Income Protection**, where you can receive up to 90% of your income plus a 10% super contribution if you're unable to work due to illness or injury.

We work very closely with our insurers (MLC and Beazley Australia) to ensure we can provide insurance that is affordable, provides generous levels of cover and has an easy claims process.

Not sure if you have enough insurance?

Having enough insurance is very important, as it helps to secure you and your family's future should you not be able to work.

As a member of Energy Super, you may have received a certain level of insurance cover automatically when you joined, however this may not be enough for your individual circumstances.

That's why we continue to provide financial advice at no additional cost to help you to review your insurance cover over the phone.

TO MAKE AN APPOINTMENT, SIMPLY PHONE US ON **1300 4 ENERGY** (1300 436 374).

OVER 200 INSURANCE CLAIMS WERE PAID FROM THE FUND IN THE 2013 FINANCIAL YEAR, REPRESENTING OVER \$10 MILLION IN BENEFITS OR REPLACEMENT INCOME FOR MEMBERS.

WHAT WOULD HAPPEN IF YOU WERE SUDDENLY UNABLE TO WORK?

How would you and your family cope with your income gone?

These questions confronted Energy Super member Blair Leak after he was injured in a car accident in June 2010. Blair made an Income Protection claim after his 14-day waiting period ended and soon began receiving fortnightly payments that allowed him to focus on his recovery without worrying about his finances.

"I was able to take care of myself, including my medical costs, instead of becoming a burden on my family. I would have lost everything, including my house. Instead I was able to keep the lifestyle I was used to."

Throughout his time off work, Energy Super was there to help Blair and support him with his rehabilitation. Blair has now made a full recovery and has since returned to work. As for the service he received, "How could I not be happy with it?"

Blair Leak, Energy Super member



FEES & COSTS

While there were some increases to fees during the year, our administration fees (fixed plus percentage-based) remain unchanged at \$1 per week plus 0.22% p.a. of your account balance capped at \$2,200 p.a. for any member including all your linked accounts.

As a 'profit for members' industry fund, we remain committed to keeping our fees and costs as low as possible to help you maximise your retirement savings.

These fees and costs may be deducted directly from your account, indirectly from the returns on your investment or from the Fund's assets as a whole.

Fees and management costs deducted from your account

The fees and costs that may have been deducted from your account during the year include a fixed administration fee of \$1 per week (\$52 per annum) and transaction based fees and costs. These fees and costs are discussed in more detail on the following page and will be listed in your Annual Statement.

Other management costs not deducted from your account

The table below sets out the administration and investment costs that were deducted from the option's investment earnings before they were credited to your account, shown as a percentage of the assets in each Investment option. These percentages are called Indirect Cost Ratios (ICRs) and can be used to estimate the other management costs that applied to your account during the year.

Performance fees

For some investment managers, we have agreed to pay performance fees (which are included in the Indirect Cost Ratio (ICR)*) for investment performance that exceeds certain targets. As at 30 June 2013, these agreements apply to managers in the Growth Alternatives, Australian Shares, Defensive Alternatives, International Shares and Property asset classes.

INDIRECT COST RATIOS FOR 2012/13

Investment option	Administration fee [^]	Base investment management fees as a % of assets [#]	Investment performance fees as a % of assets [#]	Total management cost as a % of assets
Cash Deposit	0.22	0.00	0.00	0.22
Cash Enhanced	0.22	0.04	0.00	0.26
Stable	0.22	0.26	0.07	0.55
Capital Managed	0.22	0.30	0.08	0.60
Balanced	0.22	0.43	0.11	0.76
SRI Balanced	0.22	0.78	0.00	1.00
Growth	0.22	0.45	0.12	0.79
Australian Shares	0.22	0.29	0.11	0.62
International Shares	0.22	0.48	0.00	0.70
Smoothed Return	0.22	0.43	0.11	0.76
Capital Guarantee	0.22	0.43	0.11	0.76

*The Indirect Cost Ratio (ICR) is the amount of other management costs, expressed as a percentage of the assets in each Investment option that were deducted from the option's investment earnings before they were credited to your account. [^] In addition, a fixed administration fee of \$1 per week is deducted from your account.

[#]Past performance fees are not a reliable indicator of the extent of future performance fees that may be payable.

DEFINED BENEFIT MEMBERS

We take out the fees and taxes associated with providing your benefits, such as administration fees, investment management fees and investment earnings tax, before we work out your net effective earning rate.

If you have made additional contributions or have 'rolled over' amounts into Energy Super during the year, these are treated as Defined Contribution benefits and the fees and taxes outlined above will apply.

DEFINED CONTRIBUTION, INCOME STREAM AND MARKET LINKED PENSION MEMBERS

Deductions from investment earnings

During the year, we deducted the following from the investment earnings of each investment option before working out the crediting rates:

- Other management costs (percentage-based administration fees and investment management fees including performance fees)
- tax on investment earnings (if applicable).

You can estimate the 'Other management costs' that applied to your account for the year by multiplying your average account balance in each investment option by the ICRs in the table.

There is also an estimate of your 'Other management costs' on your Annual Statement so that you can compare our costs to any other super funds that you may have.

The performance of our investment options shown on page 8 is net percentage-based administration fees, investment management fees and tax on investment earnings.

Deductions made from members' accounts

Each year, deductions are made from members' accounts to meet the costs associated with running Energy Super and to pay Government fees and taxes. For the year to 30 June 2013 these costs included the following:

- \$1 per week fixed administration fee (\$52 p.a. per member account) is deducted monthly in arrears (or when the member closes the account).
- A \$25 switching fee applies when members change investment options. It is deducted from the account at the time of the switch. The first switch each financial year is free.
- A \$100 family law information request fee will apply for providing information to a non-member spouse. This fee must be paid when the request for information is made.
- A \$100 family law split fee will apply where superannuation entitlements have to be split under Family Law legislation. This amount is deducted equally from the member account and the spouse's interest at the time of the split.
- An international transfer fee will apply when an external service provider is engaged to help transfer superannuation monies from other countries into Energy Super. Indicative cost is between \$300 and \$400 per transfer.
- A location fee of between \$30 and \$50 will apply if a member's address is incorrect and we need to use our search agency to locate them. This fee is charged at Trustee discretion.

- A withdrawal fee of \$100 applies to Income Stream and Market Linked Pension members for withdrawals under \$5,000.
- A 15% provision for the Government's contributions tax is deducted from employer contributions, salary-sacrificed contributions and voluntary contributions for which a tax deduction is claimed. Tax is deducted when adding these contributions to a member's account.
- Insurance costs are deducted monthly in arrears from members' accounts. The amount depends on what insurance cover they have.

Superannuation contributions surcharge

Superannuation contributions surcharge is an additional tax that may be applied to employer contributions, eligible termination payments and before-tax contributions (like salary sacrifice) received between 1996 and 30 June 2005.

While this surcharge rate was reduced to zero from 1 July 2005, we are still receiving Australian Taxation Office (ATO) surcharge assessments relating to contributions and eligible termination payments made before 1 July 2005.

We will process all ATO assessments that we receive as quickly as possible.

For Defined Benefit members, any surcharge amount that we pay to the ATO on your behalf is offset against your defined benefit, and this Surcharge Offset will accumulate with interest at the Three Year Average crediting rate in a Surcharge Offset.

The balance of this Surcharge Offset is then deducted from your benefit at the time it is paid.

If you have sufficient funds in your Defined Contribution account to pay the surcharge, you can request to have this debt cleared as at 30 June each year. Alternatively, you can elect to transfer to a Defined Contribution account at any time. This can only be done at 30 June each year because the crediting rate of the Three Year Average investment option is declared annually.

For Defined Contribution members, any surcharge assessment is debited from your account and paid directly to the ATO.

If we receive a surcharge assessment for you after you've exited Energy Super, or if you only have an Energy Super Income Stream or Pension account, we will return it to the ATO. The ATO will either forward it to the fund to which your benefit was paid or directly to you if the benefit was, or is, being paid to you.

Offsetting your surcharge liability

You can pay us a contribution equal to the amount of the surcharge (plus any interest accrued at the Three Year Average crediting rate) accumulated in your Surcharge Offset Account.

Your Annual Statement will show any surcharge assessments that were received during the financial year.

DIRECTOR'S UPDATE

We increased the number of Board meetings that were held during the year, given the amount of regulatory change that was taking place. This allowed us to consider these changes more closely and gain a clearer understanding of how they would affect you, our members.

MySuper

As part of our MySuper license application, we needed to show that we could meet the Government's new legislative and prudential standards in areas like risk management, and board and investment governance – there were 12 separate standards all up.

This was an excellent opportunity for us to review and enhance our business, and our already strong governance policies and corporate principles meant we were one of the first super funds to receive our MySuper license.

Future of Financial Advice

We were also very pleased to see the changes to the financial planning regulations come into effect, as they support our existing philosophy and ethics around how financial advice should be offered to our members.

Very little effort was needed by our team to comply with these changes, which was a great outcome and reflects their 'member first' approach to providing financial advice.

Ongoing industry involvement

In line with our commitment to helping you secure your financial future, we recognise that these regulatory changes impact your superannuation.

We've continued to ensure that your voice has been heard through letting Government, regulators and industry bodies know that, while we support an improved superannuation system and increased member contributions for all Australians, we remain concerned about the uncertainty these ongoing changes create for you.

We will continue to keep you updated around the impact of these changes so that you can make the right decisions about your super.

Changes to your Board

We said farewell to two of our Board members this year, John Bird and Dick Williams. We wish to thank them both for their hard work and strong contribution to the growth of Energy Super.

Joining the Board in May 2013 were Gary Humphrys and Peter Simpson.

Gary is a chartered accountant who brings more than 35 years' experience in the energy and mining industries to the Board, while Peter is the ETU State Secretary and has previous board experience as a director of ElectroGroup Apprentices and ElectroGroup Training.

To ensure that your Board remains skilled and knowledgeable, and to meet new legislative requirements, we also amended our constitution during the year to include:

- new terms of office that stagger Board members' terms of service to improve succession planning
- the role of the Deputy Chair
- the requirements set out under Superannuation Law that were introduced during the year.

More for members

We have continued to use our scale and networks to deliver value for money products and services aimed at helping you reach your retirement goals.

We've also built alliances with the ECU Australia and RT Health to deliver a range of benefits, like the Energy rewards programs and competitive rates on health insurance, banking services and life insurance.

Current sponsorships

As members of the energy industry, we've continued to use our sponsorship program to give something back. Our sponsorships during the year have included partnerships with the Electrical Trade Union (ETU), the Queensland Services Union (QSU), the National Electrical and Communications Association (NECA), the Electrical and Communications Association (ECA), Electro Group Apprentices and Training, the Gladstone Area Group Apprentices

(GAGAL) and Skill 360. For the 2013 financial year, these sponsorships totaled \$169,650.

The year ahead

Over the next 12 months, the Board's main focus will be on:

- **maximising investment returns** through ongoing monitoring and adjustments to our investment options, in line with the changing economic environment
- **further cost savings** through reviewing our service provider agreements and making our processes more efficient
- **meeting the new legislative requirements**, like the implementation of MySuper and the new governance standards
- **improving our communication to you**, ensuring that all information that we provide about your super is clear and concise
- **developing the knowledge and skills of our staff** so that you always have someone knowledgeable on-hand to answer any questions that you may have
- **maximising growth** to ensure we continue to provide value for money.

We would encourage you to contact one of our Board members should you have any questions or feedback about Energy Super.

MEETING ATTENDANCE

MEETING ATTENDANCE

Director	Board		Audit, Compliance and Risk Committee		Investment Committee		Member Services, Marketing & Claims Committee		Remuneration Committee	
	E*	A^	E*	A^	E*	A^	E*	A^	E*	A^
Geoff Baldwin	10	10	5	5	6	6	6	6		
John Bird	8	8	4	4	8	8			2	2
Kevin Camp	10	8			9	7				
Richard Cox	10	10			9	9				
John Geldard	10	10	5	5	9	8				
Bob Henricks	10	10			9	9			2	2
David Smith	10	10			6	6	9	9	2	2
Dick Williams	7	5			6	6	6	6	2	2
Mark Williamson	10	9	5	3	6	6	6	5		
Scott Wilson	10	9			6	5	5	4		
Peter Simpson	3	1			3	1				
Gary Humphrys	2	2	1	1	2	2				

* E = Eligible to attend. ^ A = Attended.



Back row: Kevin Camp, David Smith, John Geldard, Richard Cox, Scott Wilson, Geoff Baldwin
 Front row: Gary Humphrys, Bob Henricks, Mark Williamson
 Absent (picture right): Peter Simpson

COMMITTEES OF THE BOARD

AUDIT, COMPLIANCE AND RISK COMMITTEE

The Audit, Compliance and Risk Committee is a key part of our corporate governance program and helps the Board to fulfill its governance obligations through:

- overseeing our financial administration and statutory reporting process
- monitoring the performance of our independent audit activities
- ensuring we comply with all legislative, regulatory and licensing requirements
- ongoing reviews of our internal control framework to identify and manage risk.

Chair: Geoff Baldwin

Members: Gary Humphrys, John Geldard, Mark Williamson

During the year the Committee focused on the following matters:

- strengthening our risk governance framework
- determining the impact of, and ensuring compliance with, the new APRA Prudential Standards at Energy Super and at our material service providers
- implementing a risk based internal audit program
- focusing on the impact the Future of Financial Advice Reforms on the provision of financial advice through ESI Financial Services
- strengthening our due diligence reviews of our custodian and investment managers
- enhancing our business continuity management and disaster recovery programs

INVESTMENT COMMITTEE

During the year the Investment Committee's remit was incorporated into the Board's overall responsibilities. As such the Board oversaw and managed the Fund's investments by:

- defining and reviewing each investment strategy and investment objective
- selecting and monitoring the performance of all investment managers
- conducting ongoing liability analysis; and
- developing new investment products.

Chair: Bob Henricks

Members: Mark Williamson, Kevin Camp, John Geldard, David Smith, Peter Simpson, Richard Cox, Geoff Baldwin, Gary Humphrys, Scott Wilson

Key milestones during the year included:

- managing the implementation of the International Equities transition;
- identifying investment opportunities;
- managing and monitoring asset allocation changes and currency hedging;
- investment Manager review and performance monitoring; and
- overall investment risk management.

MEMBER SERVICES, MARKETING & CLAIMS COMMITTEE

The Member Services, Marketing and Claims Committee helps the Board to decide on those products and services that will benefit existing members, help attract new members and grow the Fund.

It is also responsible for:

- oversight of the management of Death, TPD and Income Protection claims
- the management of the insurers
- the oversight of procedures and processes of claims management; and
- to provide recommendations to the Board on the payment of any claim outside their delegations.

Chair: Scott Wilson

Members: David Smith, Geoff Baldwin, Mark Williamson, Peter Simpson

During the year the Committee focused on:

- delivering Stronger Super reforms across the Fund's product and service offering
- strengthening Industry Super Network (ISN) relationship through increased participation in policy development opportunities
- ongoing monitoring of insurance and claims review processes
- implementing sponsorship strategy and agreed program deliverables
- optimising online functionality to enhance business processes and improve member experience.

REMUNERATION COMMITTEE

The Remuneration Committee helps the Board to determine the appropriate remuneration and conditions of engagement for the Directors and key management personnel of Energy Super.

Chair: David Smith

Members: Mark Williamson

During the year the Committee focused on:

- ongoing remuneration management of Responsible Persons; and
- a review of the Fund's Remuneration Policy to ensure that the framework is designed to encourage behaviour that supports:
 - the interests and meets the reasonable expectations of beneficiaries
 - the long term financial soundness of the RSE licensee, any of its RSEs or connected entities, and
 - is in keeping with the risk management framework of the RSE licensee.

MANAGING RISK

We believe corporate governance is vital to our success – it forms part of everything we do.

Energy Super has a risk governance framework which incorporates a range of stakeholders across the Energy Super business and at our material service providers. Risk is managed on an ongoing basis by Management who provide recommendations and guidance to the Audit, Compliance and Risk Committee (ACRC) and to the Board.

The Board ensures that the organisation's strategic plan and risk are aligned, that our risks are managed and monitored strongly at an operational level, and that new and emerging risks are identified.

Management and the ACRC ensure that risks are identified and managed within each business unit and that internal controls are robust.

Management and Internal Audit regularly test how risks are managed within the business and report the results to the Energy Super Board.

How conflicts of interest are managed

We are committed to always being impartial and fair in our dealings with members, employers, service providers, regulators, sponsors and the general public. Their trust, confidence and support of our goals and objectives are vital if we are to be successful.

We encourage all our employees to raise potential conflicts of interest as soon as they are aware one may exist, with all discussions about potential conflicts of interest being minuted.

All actual and potential conflicts of interest are either avoided or, where they cannot be avoided, managed through a combination of internal controls and appropriate disclosure, which includes them being recorded on the relevant compliance register.

TRUSTEE

Energy Super is managed by a trustee company called Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439, AFSL 336537).

The Trustee is responsible for managing Energy Super for the benefit of all members, in accordance with the trust deed and relevant legislation.

As at 30 June 2013, the Trustee had 10 directors:

- Five employer representative directors appointed by our participating employers and employer organisations like the Electrical Contractors Association
- Five member representative directors nominated by the Queensland Services Union and the Electrical Trades Union.

To ensure all views and ideas of employers and members are heard equally, the Trustee will continue to maintain equal numbers of Employer and Member Representatives.

TRUST DEED

The Trust Deed is the legal document that sets out the rights and duties of the Trustee, the participating employers and members, and the rules for payment of benefits to members.

The Trust Deed can be amended by the Trustee when necessary. No changes were made in respect of the 2012-13 financial year.

You can find our trust deed (including all incorporated amendments) on our website at energysuper.com.au/trustdeed

SERVICE PROVIDERS

We outsource a range of specialist activities to various service providers.

All outsourcing arrangements are subject to appropriate due diligence and approval, as part of our risk management framework, to ensure that we achieve the best outcome for the Fund.

We review all our external service providers each year to ensure that their performance continues to meet our strategic and risk management objectives.

SERVICE PROVIDERS	
Administration	IFAA Pty Ltd ABN 28 081 966 243 AFSL 238507
Auditing (internal)	KPMG ABN 51 194 660 183 Deloitte ABN 74 490 121 060
Auditor	BDO Kendalls ABN 70 202 702 402
Banking	National Australia Bank Limited ABN 12 004 044 937
Custodian	National Australia Bank Limited ABN 12 004 044 937
Fund Management and Financial Advice	ESI Financial Services Pty Ltd ABN 93 101 428 782 AFSL 224952
Investment Consulting	JANA Investment Advisers Pty Ltd ABN 97 006 717 568 AFSL 230693
Insurance	MLC Limited ABN 90 000 000 402 AFSL 230694 Beazley Underwriting Pty Ltd ABN 88 096 636 412 AFSL 289089
Legal	Corrs Chambers Westgarth ABN 89 690 832 091 Minter Ellison ABN 99 009 717 391

TRUSTEE LIABILITY INSURANCE

The Trustee is covered by Trustee Liability Insurance to protect it from claims being made against it, however this does not protect it from liability arising from dishonest conduct.

REMUNERATION

Energy Super's Remuneration Committee is empowered to:

- make recommendations to the Boards on the remuneration of the persons subject to the Remuneration Policy, this includes the authority to design performance-based components of remuneration that align with the requirements of APRA's Prudential Standard;
- conduct a review of the effectiveness of the Remuneration Policy and compliance with APRA's Prudential Standard;
- retain independent advisers to advise the Committee in respect of remuneration matters; and
- seek any information that it requires from executives – all of whom are directed to cooperate with the Committee's requests – or from external parties.

The guiding principles for the remuneration framework are as follows.

- **Simplicity**
- **Fairness**
- **Alignment with values**
- **Appropriate risk behaviour**
- **Transparency**



BOARD REMUNERATION								
	Committee	Date Commenced	Date left during period	Year	Fee (\$)	Super (\$)	Total (\$)	Fees paid to
Board								
Bob Henricks (Chair)	Chair, Investment Committee, Remuneration Committee	May-95		2013 2012	65,816.91 64,500.00	5,923.51 5,805.00	71,740.42 70,305.00	Director
Geoff Baldwin	Member Services, Marketing & Claims Committee, Chair, Audit, Compliance & Risk Committee	Mar-11		2013 2012	46,421.90 45,399.96	4,177.99 4,086.00	50,599.89 49,485.96	Director
John Bird	Investment Committee Remuneration Committee Audit, Compliance & Risk Committee	Mar-03	May-13	2013 2012	50,211.49 53,990.04	4,519.04 4,837.56	54,730.53 58,827.60	Director
Kevin Camp	Investment Committee	Dec-01		2013 2012	46,421.90 45,399.96	4,177.99 4,086.00	50,599.89 49,485.96	Director
Richard Cox	Investment Committee	Mar-11		2013 2012	46,421.90 45,399.96	4,177.99 4,086.00	50,599.89 49,485.96	Director
John Geldard	Investment Committee	Nov-07		2013 2012	46,421.90 45,399.96	4,177.99 4,086.00	50,599.89 49,485.96	Director
Gary Humphrys	Investment Committee, Audit, Compliance & Risk Committee	May-13		2013 2012	3,708.75 N/A	333.79 N/A	4,042.54 N/A	Director N/A
Peter Simpson	Investment Committee, Member Services, Marketing & Claims Committee	May-13		2013 2012	4,446.76 N/A	- N/A	4,446.76 N/A	CEPU Elec N/A
David Smith	Investment Committee Member Services, Marketing & Claims Committee Chair, Remuneration Committee	Dec-07		2013 2012	68,243.08 57,345.47	- -	68,243.08 57,345.47	ASU ASU
Dick Williams	Investment Committee Chair, Member Services, Marketing & Claims Committee	Mar-11	May-13	2013 2012	36,460.40 42,999.96	3,281.45 3,870.00	39,741.85 46,869.96	Director
Mark Williamson (Deputy Chair)	Investment Committee Member Services, Marketing & Claims Committee Chair, Remuneration Committee	Dec-11		2013 2012	46,689.08 25,083.31	4,202.02 2,257.50	50,891.10 27,340.81	Director
Scott Wilson	Investment Committee Chair, Member Services, Marketing & Claims Committee	Dec-11		2013 2013 2012	23,516.50 28,788.37 25,778.52	2,116.49 - -	25,632.99 28,788.37 25,778.52	Director Future Skills Future Skills

DIRECTORS NOMINATED TO OTHER BOARDS AS REPRESENTATIVES OF ENERGY SUPER

Name	Board	Payment to 30 June 2013 (\$)	Appointed	Fees paid to
Bob Henricks	ESI Financial Services Pty Ltd	25,275	November 2011 – Current	Director
John Bird	ESI Financial Services Pty Ltd	34,283	July 2002 – May 2013	Director
Mark Williamson	ESI Financial Services Pty Ltd	3,165	May 2013 – Current	Director
Kevin Camp	The Private Capital Group	34,300	December 2009 – Current	Director

KEY MANAGEMENT REMUNERATION

Name	Date Commenced	Year	Salary including super (\$)	Incentive payment (\$)	Total (\$)
Robyn Petrou Chief Executive Officer	Feb-09	2013	247,609.04	31,080	278,689.04
		2012	207,744.49	28,800	236,544.49
Phillip Hagen Fund Secretary, Chief Financial Officer	Jan-07	2013	182,660.48	N/A	182,660.48
		2012	174,015.16	N/A	174,015.16



OUR MISSION

‘PARTNERING WITH OUR MEMBERS TO REACH THEIR RETIREMENT INCOME GOALS BY PROVIDING VALUE FOR MONEY PRODUCTS AND SERVICES’



OUR VISION

‘TO BE THE SUPERANNUATION FUND OF CHOICE FOR ENERGY INDUSTRY EMPLOYEES’



BOARD VALUES

HONESTY AND INTEGRITY • RESPECT FOR PEOPLE
SERVICE EXCELLENCE • RECOGNITION AS A LEADING
SUPERANNUATION FUND *AND*
BEST PRACTICE IN GOVERNANCE



Energy Super is managed by a dedicated team with considerable superannuation, energy sector and industry experience. This ensures we continue to deliver consistent superannuation returns, as well as the products and services you need to generate your wealth.

HOW WE MANAGE YOUR MONEY

Our strategy for the Fund is to provide a wide range of investment options for members to choose from.

OUR INVESTMENT REVIEW PROCESS

Our investment committee reviews the asset allocation each month and will tactically adjust the asset allocations based on capital, financial and economic market data if required.

Each year we also engage JANA, our asset consultant to complete a comprehensive review of the Fund's long term strategic asset allocation, investment objectives, investment strategies and investment manager mix, which is discussed at our annual investment strategy meeting.

Objectives

The investment objectives and strategy for each investment option (summarised on pages 16-21) show what each aims to achieve based on the level of risk involved and its suggested investment timeframe.

Where the objective of an investment option is to exceed inflation by a certain level, as measured by the Brisbane Consumer Price Index (CPI), it is anticipated that this CPI objective should be achieved over the long term.

However, there may be periods when an investment option does not meet its CPI objective, due to the volatile nature of investment markets.

SWITCHING

You can switch your investment options at any time. Simply complete a Change of Investment Choice Form – available at energysuper.com.au – and return it to Energy Super. You can also change your investment option(s) by logging onto Member Online.

You can switch:

- your account balance;
- your future contribution/rollover investment allocation; or
- a combination of both.

Your first investment switch each financial year is at no extra cost. During the 2012-13 financial year additional investment switches cost \$25, increasing to \$28 effective 1 September 2013, and this will be deducted from your Energy Super account.

All switches are now processed using the last available crediting rate at the date that the transaction is processed. The Trustee has performance standards and procedures in place for the processing of investment switches and generally investment switch requests will be processed within a few days of receipt.

Once you submit your investment switch request, it cannot be revoked. The Trustee reserves the right to limit the number of switches a member can make if they are deemed to be switching excessively and may defer the processing of transactions to maintain the equity of the Fund.

INVESTMENT ADVICE

Before you change your investment options or make any other decisions about your super, we strongly recommend that you seek financial advice.

You can access financial advice from us if you would like help in selecting the most appropriate investment option for your individual circumstances.

To make an appointment with a financial adviser, simply phone our Clients Services team on **1300 4 ENERGY** (1300 436 374).

DEFAULT INVESTMENT OPTION

During the 2012-13 financial year, if you had a Defined Contribution account and you did not choose an investment option, we invested your super in the Balanced investment option.

From 1 September 2013, new default arrangements apply. Until you make an investment choice your super will be invested in the MySuper investment option except in respect of the following amounts when the relevant amount will be invested in the Cash Enhanced investment option:

- A new account is created as a result of a family law split if your "Spouse" is an Energy Super Defined Benefit, Income Stream or Market Linked Pension member.
- A defined benefit portion is transferred to a new Defined Contribution account by an Energy Super Defined Benefit member.
- A Capital Guarantee portion is transferred to a new Defined Contribution account by an Energy Super member.
- An existing member ceases employment and has funds invested in, or has future contributions default to, the Capital Guarantee investment option when this will change to the Cash Enhanced investment option.

If you have a Market Linked Pension or Income Stream account and you do not choose an investment option, we will invest your super in the Cash Enhanced investment option.

HOW CREDITING RATES ARE CALCULATED

The crediting rate for Defined Contribution investment options can be positive or negative and is equal to the investment earning of the investment option, less tax and other management costs.

The exceptions to this policy are the Defined Benefit/Three Year Average, Smoothed Return investment option and the Capital Guarantee investment option (see page 9).

The crediting rate for each investment option is calculated daily and all earnings are paid to your account on 30 June each year.

HOW UNIT PRICES ARE CALCULATED

Unit prices for Market Linked Pension and Income Stream investment options are calculated daily and reflect the value of each option's assets for that day, less tax and other management costs.

You can work out the value of your super by multiplying the number of units you have in each option by the unit price for that day. Between any two periods in time the change in unit price can be calculated and expressed as a percentage.

You can find the latest unit prices on our website at energysuper.com.au.

TAX ON INVESTMENT EARNINGS

Investment earnings on all Defined Contribution accounts are taxed up to 15%, while there is no tax on investment earnings from Market Linked Pension or Income Stream accounts.

That's why the after-tax investment returns of Market Linked Pension and Income Stream investment options will be slightly different to the after-tax investment returns of equivalent Defined Contribution investment options.

HOW WE MANAGE RISK

Each of our investment options have a risk band and risk level assigned to them called the Standard Risk Measure (SRM). These risk bands and risk levels are based on industry standards and allow you to compare investment options of different super funds (right).

The SRM does not take into account all forms of investment risk and you should ensure that you understand and feel comfortable with the risks and potential losses associated with the investment options that you've chosen.

You can learn more about how the SRM is calculated by visiting the investment and performance page in the *Energy Super Investment Guide* available at energysuper.com.au

FINANCIAL POSITION OF OUR DEFINED BENEFIT INVESTMENT POOL

We work out how much employers must contribute to ensure that we have sufficient assets to pay all future defined benefits entitlements. As at the 30 June 2013, the value of the Defined Benefit investment pool was greater than 100% of the value that would have been payable. This means that the fund is in a 'satisfactory financial position' within the meaning of superannuation law.

STANDARD RISK MEASURE

Risk band	Risk level	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

OUR DERIVATIVES POLICY

The Trustee does not undertake day-to-day management of derivative instruments. Some of our external investment managers may also use derivatives when managing discrete mandates for us or pooled investment vehicles in which we invest.

The rules and limits for the use of derivatives are detailed in the investment management agreements that we have with our external investment managers.

We also consider the risks and controls in place for derivatives by carefully reviewing each investment manager's Derivative Risk Statement before they are appointed, and discussing their use of derivatives during our regular performance reviews.

We have also created a Derivatives Risk Statement that outlines the relationship between our overall investment strategy and the use of derivatives.

We monitor the effective exposure that each asset classes has by measuring the underlying net derivative, futures and options exposures in all pooled investment vehicles.

Effective exposure is the sum of the market value of physical assets, the underlying market value represented by futures contracts and the effective exposure derived from options contracts.

OPERATIONAL RESERVE ACCOUNT

We use an operational reserve account to manage the Fund's expenses.

Energy Super allocates to the operational reserve account:

- earnings on contributions received before they are credited to your accounts (or returned); and
- amounts deducted from your account such as administration fees, contributions tax and insurance costs; and from investment earnings including anticipated tax.

The Fund uses this operational reserve account to pay tax, insurance premiums, the administrator's fees and other Fund expenses.

The investment objective in relation to the operational reserve account is to invest in low risk assets, such as term deposits, to generate an investment return while ensuring there is sufficient liquidity to meet the Fund's liabilities.

We use an external fixed income specialist to manage the investment strategy of our operational reserve account. The account balance at 30 June 2013 was \$24,851,900. As at 30 June 2012 it was \$49,149,908 and at 30 June 2011 it was \$38,647,616.

The decrease in the reserve account balance between 30 June 2012 and 30 June 2013 is due to variances in the amount and the timing of the Fund's taxation expenses at the end of each financial year.

Operational risk reserve

From 1 July 2013, the Fund also maintains an operational risk reserve to comply with prudential requirements to have adequate financial resources to address losses arising from operational risks within its business operations.

Potential losses arising from operational risks include incorrect benefit payments due to human or system error, unit pricing error, and loss of data. The operational risk reserve is separate from the member's investment portfolio and separate from other reserves.

ELIGIBLE ROLLOVER FUND

If you are an inactive or lost member, and your balance falls below \$1,000, your super may be transferred to an Eligible Rollover Fund (ERF).

You are considered an inactive member if you join Energy Super as an employee:

- we don't receive any contributions or rollover amounts for five years and
- you don't notify us that you wish to remain a member.

You are considered a lost member if you haven't supplied your mailing address to us or mail sent to your last known address has been returned to us.

Our ERF is Independent Superannuation Preservation Fund (ISPF) and you can contact them directly to claim your benefit or receive a product disclosure statement:

Independent Superannuation Preservation Fund

Phone: 1300 977 857

Email: isppf@ifaa.com.au

If your super is transferred to the ISPF, you stop being a member of Energy Super and you will lose all member entitlements, like insurance cover and discounted financial advice. By becoming a member of ISPF, you will be subject to the rules associated with this fund.

TEMPORARY RESIDENTS

Relying on relief from ASIC, we are not required to notify you or give you an exit statement if you are a non-resident when we pay unclaimed superannuation to the Commissioner of Taxation under Division 3 of Part 3A of the Superannuation (Unclaimed Money and Lost Members) Act 1999.

This Act requires us to transfer your super benefit to the Australian Tax Office (ATO) if your temporary resident visa has expired or has been cancelled for at least six months, and it has been at least six months since you left Australia.

If we transfer your super to the ATO, you stop being a member of Energy Super and you will lose all member entitlements, like insurance cover and discounted financial advice.

You can apply to the ATO under Division 4 of Part 3A of the Act to have your unclaimed super benefit paid to you using the ATO's Application for payment of unclaimed superannuation money – individual form, which is available at ato.gov.au

SOCIAL RESPONSIBILITY & VOTING POLICY

SRI BALANCED OPTION

The SRI Balanced option aims to achieve its investment return objective by investing in companies that demonstrate superior environmental and social practices and offer sustainable products and services, while excluding companies that do not.

The fund's manager employs a multi-manager approach, investing in an

actively managed diversified portfolio that invests in Australian and International shares, Australian and International property, Australian and International fixed interest and cash investments

OUR VOTING POLICY

We believe that corporate governance is a pivotal component driving the performance of listed companies, and so we have a responsibility to represent

your best interests when responding to corporate actions that arise from our investments.

For all pooled trust investments, we may influence an investment manager's voting decision but do not have the authority to vote. For discrete mandates, we reserve the right to vote.

FINANCIAL STATEMENTS

The following summary is taken from Energy Super audited accounts for the year ended 30 June 2013.

The Annual Financial Report containing the Audited Accounts and Auditors Report for the 2012/13 year can be obtained on request by contacting Energy Super.

STATEMENT OF NET ASSETS AS AT 30 JUNE 2013

	2013 \$ '000	2012 \$ '000
Investments		
Cash and cash equivalents	512,710	497,941
Units in unlisted unit trusts and mandates	3,915,931	3,269,739
Shares in unlisted entities	184,797	164,268
Derivative financial assets	-	3,603
Derivative financial liabilities	(29,402)	-
	4,584,036	3,935,551
Other assets		
Contributions receivable	15,028	16,426
Trade and other receivables	73,279	45,214
Other assets	508	380
Plant and equipment	548	646
Current tax asset	1,193	-
Deferred income taxes	-	22,495
	90,556	85,161
Total assets	4,674,592	4,020,712
Liabilities		
Benefits payable	4,989	4,066
Trade and other payables	8,182	5,829
Provisions	200	200
Current tax liability	-	9,072
Deferred income taxes	21,783	-
Total liabilities	35,154	19,167
Net assets available to pay benefits	4,639,438	4,001,545

The Statement of Net Assets should be read in conjunction with the notes to the Financial Statements.

The Trustee believes that all contributions received up to 30 June 2013 have been allocated to member accounts. However, it is suggested that members check their Annual Statements carefully.

If you have any reason to believe that all contributions due have not been made, please discuss the matter with your employer. If you cannot resolve the matter with your employer please contact Energy Super.

STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2013

	2013 \$ '000	2012 \$ '000
Net Assets Available to Pay Benefits at 1 July	4,001,545	3,844,979
Investment Revenue		
Interest	23,093	3,031
Distributions from unit trusts	169,652	163,320
Movement in net market value of Investments	431,311	(129,402)
Other	826	740
Direct Investment expenses	(11,970)	(9,432)
	612,912	28,257
Contributions Revenue		
Employer	284,097	304,389
Member	53,270	32,840
Co-Contributions	569	-
Transfers from SPEC Super	-	99
Transfers from other funds	66,565	54,965
	404,382	392,862
Other Revenue		
Proceeds from group life insurance policies	8,674	10,005
	8,674	10,005
Total Revenue	1,025,968	431,124
Benefits Paid		
Benefits paid	264,684	197,639
General Administration Expenses		
General admin. expenses	18,051	15,310
Surcharge expense (refund)	-	15
Group life and income protection premiums	34,495	33,739
	52,546	49,064
Total Expenses	317,230	246,703
Net Change for the year before income tax	708,738	184,421
Income tax expense	70,845	27,855
Net Change for the year after income tax	637,893	156,566
Net Assets Available to Pay Benefits at 30 June	4,639,438	4,001,545

The Statement of Changes in Net Assets should be read in conjunction with the notes to the Financial Statements.

WE'RE HERE TO HELP

Whether you have a simple question about your super or would like comprehensive financial advice, we can help you. We regularly update our website with webinars, fact sheets, calculators and FAQs to help you learn more about your super and save for your retirement.

We also run education seminars at various locations on topics like planning for retirement, transitioning to retirement, estate planning, maximising retirement income, Centrelink entitlements and much more.

You can also access our over-the-phone advice service at no extra cost if you would like help with your super contributions, investment options and insurance cover.

To find out more, simply phone us on **1300 4 ENERGY** (1300 436 374).

HAVE A COMPLAINT?

If you have a complaint, you can:

Phone us:

1300 4 ENERGY (1300 436 374)

Email us:

info@energysuper.com.au

Fax your written complaint to:

(07) 3229 7523

Mail your written complaint to:

Complaints Officer

Energy Super

GPO Box 1006

Brisbane QLD 4001

See us in person at:

Level 8, 100 Creek Street

Brisbane QLD 4000

We will try to satisfy your complaint as quickly as possible. If we're not able to respond immediately, we will investigate your complaint and write to you advising of the outcome within 90 days.

If you're not satisfied with our response, you may be able to take your complaint further by lodging it with the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body set up by the Federal Government to consider certain superannuation-related complaints from members, former members and their beneficiaries.

The SCT can consider complaints about the decisions and conduct of the trustees of most superannuation funds, the conduct and decisions of people acting on behalf of the trustee and the decisions of insurers in relation to insurance benefits provided through superannuation funds.

You can contact the SCT by:

Phone: 1300 884 114

Email: info@sct.gov.au

Mail: Superannuation
Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001



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Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439 AFSL 224952) is the Trustee and issuer of Energy Super (ABN 33 761 363 685). A Product Disclosure Statement (PDS) is available from energysuper.com.au/pds or by calling **1300 4 ENERGY** (1300 436 374). Any advice contained in this article is general in nature and not specific to your particular circumstances. You should consider your financial situation before acting on the advice.

Financial advice is provided by ESI Financial Services Pty Ltd (ABN 93 101 428 782, AFSL 224952), a wholly owned subsidiary of Energy Super.