

**What is the International Shares (Unhedged) investment option?**

AGEST allows all members to invest in one or any combination of 12 investment options. The International Shares (Unhedged) option is one of those options.

**Investment Objective**

To outperform the target return.

**Target Return**

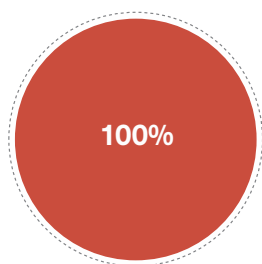
MSCI World (ex Australia) Accumulation Index 100% Unhedged to \$AUD over the investment timeframe (7 years +).

*The MSCI World (ex Australia) Accumulation Index measures the performance of major sharemarkets around the world (other than Australia), with each sharemarket's performance contributing to the index in proportion to its relative size by market capitalisation. Dividends paid by companies are included in this calculation of performance.*

**Strategic Asset Allocation (SAA)**

The SAA percentages below indicate where investments in this option will usually be made.

However, market movements, new investment opportunities and irregular levels of cash flow mean that we cannot always strictly adhere to our SAA percentages. We have set 'ranges' within which this option will usually invest, however at times these ranges may be exceeded due to factors beyond the fund's control.



Investment sector	SAA %	Range %
International shares	100	95-100
Cash	0	0-5
<b>Total</b>	<b>100</b>	

	SAA %	Range %
Foreign currency hedging	0	0-5

**Overview of this investment option**

Inception date	1 January 2006
Current assets	\$22.2 million
Unit prices at <b>31 March 2012</b>	<b>Pension accounts</b> 0.690120 <b>Non-pension accounts</b> 0.729087
Number of investment manager products used in this option	9
Number of individual investments in this option	More than 1,500
Investment costs	0.62%
Performance fees	0.06%
<b>Total investment costs</b>	<b>0.68%</b>

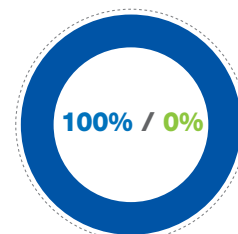
**Investment Profile (SAA)**

**Investment Risk: High**

Negative returns expected in 6 out of every 20 years.

**Growth** - assets upon which a capital gain is expected over the long term.

**Defensive** - assets which are expected to produce regular income and, in some cases, capital gain.

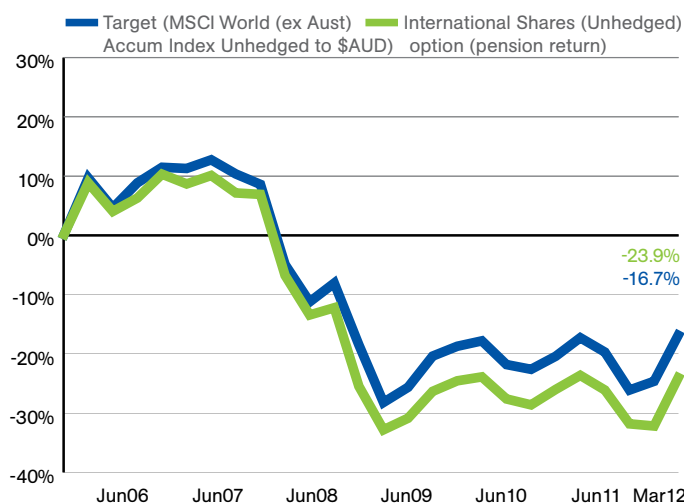


**Investment performance \***

	Pension accounts	Non-pension accounts
3 months	12.24%	10.75%
1 year	-0.32% pa	0.12% pa
3 years	4.26% pa	3.79% pa
Since inception	-4.27% pa	-3.56% pa

\* Figures above are the returns received by members, net of all investment related fees, based on relevant unit prices. Non pension account returns are also net of investment taxes. No investment tax applies to pension accounts.

**Cumulative investment performance**



**How we invest the assets in this investment option**

We use professional investment management firms to manage our international shares for us. We use the same managers for international shares in both the international shares options and the pre-mixed options.

We use external investment managers and an investment consultant to assist us in the investment process. All investment managers are regularly monitored by the Trustee and the fund's investment consultant.

**What are International Shares?**

Investing in a company's shares means you own part of that company. Investment returns from shares are derived from dividends, which are company profits distributed to shareholders, and changes in share values over time.

All our international shares are listed on stock exchanges outside Australia, such as the US, UK, Europe, Japan, Asia and various others.

When compared over time to other investments, shares provide high growth potential with a high level of investment risk.

**How does a change in the value of the Australian dollar affect returns in this option?**

Fluctuations in the value of the Australian dollar against other currencies will affect returns in this option because none of the foreign currency exposure in this option is hedged back to Australian dollars.

In general, if the Australian dollar falls against the currencies of the shares in which we invest, then this option will benefit from that fall because the foreign currencies will buy more Australian dollars than before (we measure returns for members in Australian dollars). On the other hand, if the Australian dollar rises, this is bad news for returns in this option.

**Diversification across geographical regions**

Our investment managers use various methods to select the shares in which they invest on our behalf. Amongst other things, they look at the quality of the company's management and earnings. Many companies are now global, which means that although they may be listed as a US stock (eg Microsoft), their profits come from many countries around the world.

This means that although many of our international shares are US stocks, they in fact have less dependence on the US economy for their profits. Likewise, many European stocks have some dependence on the US economy because they earn some of their profits in the US.

**How different is the performance of International Shares and Australian Shares likely to be?**

*(You may wish to read the fact sheet on our Australian Shares option for comparison)*

Whilst there are some similarities between share investments in all countries, there are considerably more differences. For example, each country has its own financial structure and economic issues, which impact upon the profitability of local companies. An economic crisis in one country may be a benefit for another country, so in such circumstances their sharemarkets are likely to react to such events in different ways. Foreign currency exposure is usually another important issue with international shares, as noted earlier on this fact sheet.

Australia is a small part of the world when it comes to sharemarkets - there are many additional opportunities in which super funds can

invest overseas. The information technology and health care industries are examples of opportunities that are considerable in the US but are limited in Australia.

These differences are likely to result in the performance of International Shares and Australian Shares being quite different, particularly over short periods of time. There may be some similarity in terms of direction (that is, up or down), but the magnitude of the returns is likely to be different.

You should expect fluctuations in the returns in this investment option. Returns can be negative.

*It is important to be aware that future performance cannot be guaranteed, and past performance should not be used as an indication of future performance.*

**How is the return in this option achieved?**

The returns for members in this option will mainly be affected by:

- ▶ how current global economic conditions are influencing (and are expected to influence) each of the countries in which we invest
- ▶ how each economy is responding to global economic conditions
- ▶ the skills of the management in the companies in which we invest
- ▶ the current and projected profitability of the companies in which we invest
- ▶ the skills of the investment management firms we use
- ▶ future expectations for global markets ("market sentiment").

**Investment managers used for this option**

For full details of AGEST's investments with these managers please see the investments section of our website.

Investment Managers	% of option
AQR	5.5%
Lazard	5%
Mondrian	10%
Orbis	10%
State Street Global Advisors	29%
THS	6%
Turner	8.5%
Walter Scott	13%
Wellington International Equity	13%
	<b>100%</b>

**Top 10 Shareholdings**

1. Apple (USD)
2. Cisco Systems Inc (USD)
3. Qualcomm Inc (USD)
4. Oracle Corp (USD)
5. Exxon Mobil Corp (USD)
6. HSBC Holdings PLC (GBP)
7. Google Inc (USD)
8. Caterpillar Inc (USD)
9. Microsoft Corp (USD)
10. Nestle SA (CHF)

Information on top shareholdings is taken from the latest available information from each investment manager (on average end of February 2012).

**Tax treatment**

Investment earnings on non-pension accounts in a superannuation fund are taxed at 15%. However, for international shares, this tax may be reduced by foreign tax credits (or tax rebates) attached to some dividends and capital gains tax concessions where a share is sold after being held for over 12 months.

This means that the effective rate of tax payable for international shares is slightly less than 15%, and is typically in the range of 10% to 14%, depending on the transactions that have occurred during the relevant period.

This tax has already been deducted from the non-pension accounts investment performance and unit price shown on page 1 of this report.

**Other important information**

- ▶ This report has been prepared by AGEST Super Pty Ltd, the Trustee of AGEST. The Australian Securities & Investments Commission (ASIC) has granted an Australian Financial Services Licence (No. 233707) to AGEST Super Pty Ltd. This allows the Trustee to provide superannuation products to members and prospective members of the fund. The contents of this quarterly report are of a general nature and have been prepared without taking into account your particular financial needs, circumstances or objectives. You should assess your own financial situation and read AGEST's Combined Product Disclosure Statement and Financial Services Guide before making an investment decision.
- ▶ Past performance should not be taken as an indication of future performance.
- ▶ The past performance of an investment option is based on the asset allocation and investment management style used in each investment option in the past. The Trustee may change these features at any time in the future, within the ranges specified in the fund's Product Disclosure Statement (PDS), so past performance may be of little relevance to the future.

The investment objective, target return, investment profile and asset allocation shown in this report for this investment option are indicative only and are based on the investment expectations of each investment sector, using long term assumptions about capital markets as obtained by the Trustee from sources including investment management companies and professional investment advisers.

Based on these assumptions, the Trustee believes that the asset allocation set by the Trustee is suitable for this investment option, given its investment objective, and that the asset allocation is likely to enable the target return to be achieved over the period stated. However the future performance of this investment option cannot be guaranteed, as investments can move up and down, sometimes sharply and without warning, over both short and long periods of time.

The expected number of years of negative returns in every 20 years is based on the above mentioned long term assumptions. Actual performance may be different from these assumptions.

- ▶ Investment managers are paid for their investment management services to the fund. Most managers are only paid a fixed fee (usually calculated as a percentage of assets under management). However, some managers receive a fixed fee plus a variable performance based fee where the fixed fee is lower than would otherwise be the case. The calculation of the performance based fee varies between managers and investment sectors, however the calculation is typically a small percentage (eg.10%) of the manager's outperformance above a pre-determined benchmark plus an additional margin.

For example, if an Australian shares manager who is remunerated on a performance fee basis achieves a 15% return (after base fees) compared to the Australian ASX200 return of say 10%, and the margin above which a performance based fee is paid is 3%, then the manager will receive a performance based fee which is a small percentage of their 2% performance above the 13% (10% benchmark plus the 3% margin).

Further queries can be directed to:

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