



You've got mail!

INSIDE THIS EDITION

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- About your 2013-14 annual benefit statement
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About your 2013-14 annual benefit statement.

By now you should have received your APSS annual benefit statement. This is a very important document and you should take some time to look over the details and check that everything is as you expect it to be.

Receiving the annual statement serves as a timely reminder to keep the APSS updated with your current details and to 'take stock' of your super decisions. Follow this handy checklist:

- ✓ Ensure that the APSS has your most up to date address and phone contact details.
- ✓ Ensure that your beneficiaries are kept up to date, particularly if your personal circumstances have changed since you last updated your beneficiaries.
- ✓ If you haven't already done so, consider providing your Tax File Number to the APSS.

Cover story

You've got mail - About your 2013-14 annual benefit statement (continued)

- ✓ Check that your contributions (if you make any) are on track to ensure that you don't exceed the annual limits. For more details on annual limits visit apss.com.au.
- ✓ For employee members, you and your spouse may like to consider opening an APSS Spouse Account for your spouse, if they are eligible. You can make after-tax contributions to your spouse's Spouse Account and, providing they earn less than \$13,800 p.a., you may be eligible for a tax offset for your after-tax contributions up to \$3,000. For more details on eligibility, visit apss.com.au.
- ✓ For eligible members, you could consider opening an APSS Pension or Pre-Retirement Pension account. For more details on eligibility, visit apss.com.au.

Stay in the APSS when you leave employment

Leaving employment can often be a difficult and stressful time with an array of important decisions to be made about your future and your finances. It won't come as any surprise that there is a multitude of choices available for your super. Knowing which course of action to take can be overwhelming and most people simply do nothing. You may be surprised to learn that you can continue your APSS membership even after you leave employment with Australia Post or an Associated Employer. If you decide to retain your super in the APSS, there are two options. You can

transfer your benefits to either an APSS Rollover Account or an APSS Pension (if you meet the eligibility requirements).

You can still make after-tax contributions to your APSS Rollover Account after you leave employment, but please be aware that your new employer cannot make before-tax (salary sacrifice) contributions on your behalf.

The same options are available to a spouse member whose spouse has ceased employment with Australia Post or an Associated Employer.

If you want to stay in the APSS - you must tell us!

Once you have left employment and your employer notifies the APSS of your leaving and provides all the necessary information about your service, we will send you an estimate of your super benefit together with a Benefit Payment Direction Form. You will need to complete and return this form within 60 days to ensure that you can remain in the APSS because once your APSS membership ceases, you cannot re-join at any time in the future.

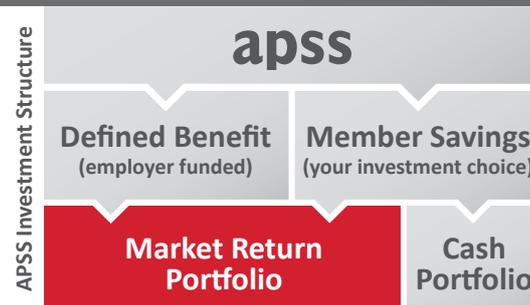
If we do not hear from you within 60 days of ceasing employment, your benefit will be automatically transferred as soon as practicable to the AMP Eligible Rollover Fund (ERF). An ERF is a regulated super fund or approved deposit fund that is eligible to receive benefits automatically rolled over from other superannuation funds.

If your entire benefit is transferred to the AMP ERF, you will cease to be a member of the APSS and you cannot re-join.

If you would like more information about the options for remaining in the APSS after you leave employment, please contact *SuperPhone* on **1300 360 373**.

The Market Return Portfolio

The crediting rates for Market Return Member Savings are determined by reference to the investment returns of the Market Return Portfolio. The APSS Market Return Portfolio invests in a broad range of shares, real estate and bonds comprising both listed (public) and unlisted (private) global assets. The Market Return option has a higher relative risk and volatility than the Cash Return investment option with an expectation of higher returns over the long term. The APSS adopts strategies aimed at reducing the impact of volatility in financial markets and currency markets.

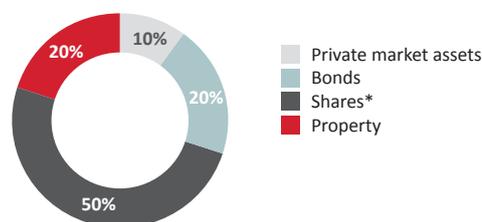


Market Return Member Savings Crediting Rates to 30 September 2014

	3 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)
Employee and Spouse Member Savings	2.56%	10.54%	7.99%	7.69%
APSS Rollover	2.56%	10.54%	7.99%	7.69%
APSS Pension	3.01%	11.44%	8.98%	8.87%

The compound crediting rates shown above are after investment costs and tax (where applicable). Pension members do not incur tax on investment earnings of their APSS Pension Accounts.

Actual asset allocation for the quarter ending 30 September 2014



* This asset class is made up of 24% public market shares and 26% private market shares. Remember, the Trustee intends to scale down the private equity investments in the Market Return Portfolio over time and this asset class will ultimately consist of public market shares only.

Important reminder: Past investment returns are not necessarily indicative of future investment returns.

Behind the numbers

Market Return Member Savings gained 2.6% over the first quarter of the new financial year following a 10% gain last financial year. The crediting rates for APSS Pension Accounts are slightly higher because investment earnings of these accounts are tax free. The optimism that supported share market returns last financial year persisted into July and August but faltered in September, when investors appeared to react to the twin prospects of a strengthening US economy – implying higher interest rates there – and a weaker outlook for the European economy. Closer to

home, concerns about the stability of China’s business lending market and a decline in key commodity prices clouded the outlook for Australia’s economy. Amid the resulting volatility, share markets lost value, with Australia’s market among the worst affected. The Australian dollar declined to 87.5 US cents by the end of September from 94.2 US cents at the start of the quarter.

Private market investments, which form the majority of the Market Return Portfolio, contributed most of the quarter’s positive result. The resurgence of volatility

Reminder

* In June 2013, the Trustee amended the investment strategy for Market Return Member Savings and the assets held in the APSS to pay defined benefits (both of which are currently invested in the Market Return Portfolio), increasing the Market Return Portfolio’s target allocation to public market investments and reducing the portfolio’s target allocation to private market investments, without reducing the long-term expected investment returns. The transition is expected to take a further three years and is designed to ensure that the APSS has liquid assets to pay benefits now that it is closed to new Australia Post employees, while continuing to meet the long-term growth objectives of members who choose Market Return Member Savings.

The Market Return Portfolio

Behind the numbers (continued)

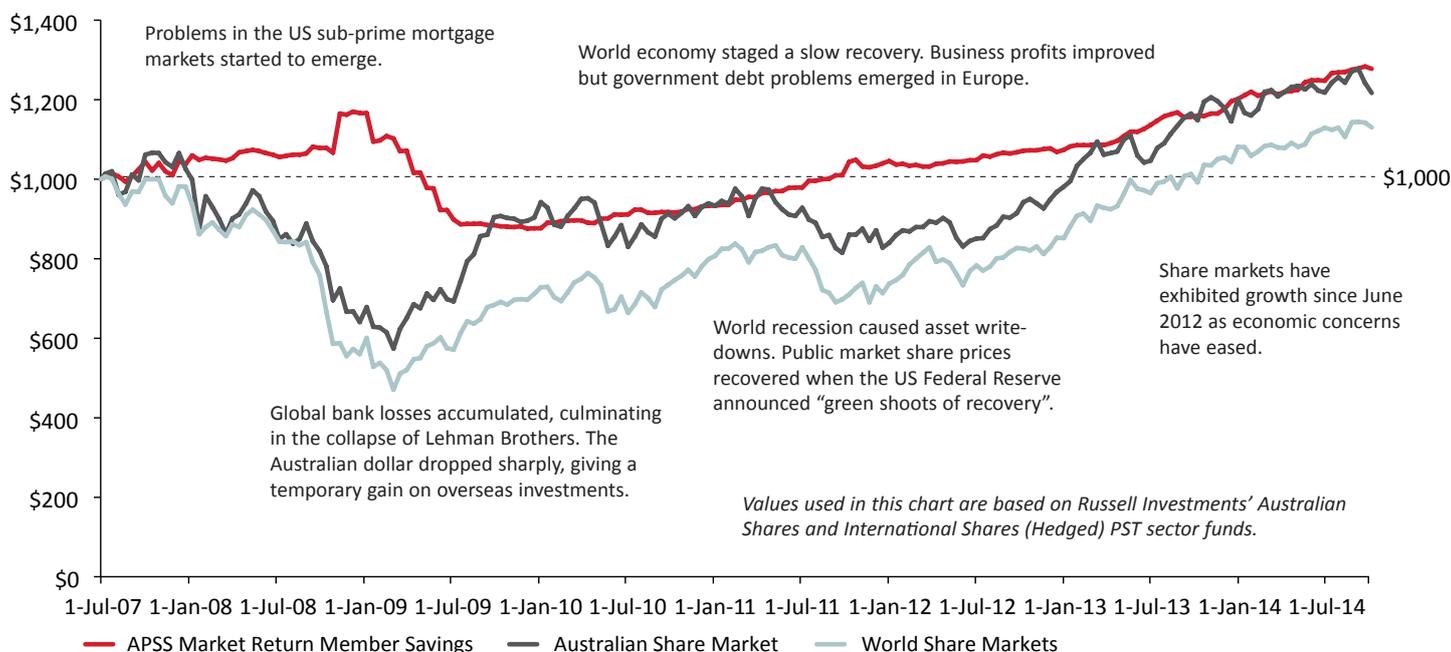
in public exchanges did not disrupt the positive trend in private market asset valuations, which are less vulnerable to short-term selling pressure than public market share prices. In fact, the strength of the US dollar through September actually delivered a boost to the value of the APSS's US private market investments. Through its private market investments, the APSS continued to benefit from an improving global appetite for new share market listings, or initial public offerings, including the headline-grabbing 'IPO' of Chinese online commerce business, Alibaba, in September. Despite the market turbulence in September, the

Market Return Portfolio's public market shares also made a positive contribution to the quarter's crediting rates for Market Return Member Savings. While Australian shares suffered a negative return over the quarter, the US and other overseas markets fared better.

Finally, the Market Return Portfolio's bond investments made a small gain during the quarter. Although bond yields around the world remain extremely low, investors appeared willing to keep buying, perhaps taking comfort that inflation and interest rates are not expected to rise in the near term.

How we compare

How \$1,000 in APSS Market Return Member Savings would have changed in value since 1 July 2007 compared to the same amount invested in publicly-traded Australian and overseas share markets.



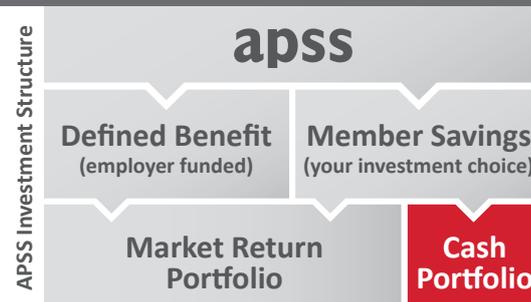
Important reminder: Past investment returns are not necessarily indicative of future investment returns.

Remember

You can contact the APSS by calling *SuperPhone* on **1300 360 373** between 9am and 5.30pm (AEST) Monday to Friday or you can visit us online at apss.com.au

The Cash Portfolio

The crediting rates for Cash Return Member Savings are determined by reference to the investment returns of the Cash Portfolio. The APSS Cash Portfolio invests in high quality cash deposits or bills and short-term interest bearing securities. The Cash Return option is therefore relatively low risk, with a capital guarantee that means no negative crediting rates, but with an expectation of lower relative returns in the long term.



Cash Return Member Savings Crediting Rates to 30 September 2014

Behind the numbers

	3 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)
Employee and Spouse Member Savings	0.55%	2.13%	2.67%	3.13%
APSS Rollover	0.55%	2.13%	2.67%	3.13%
APSS Pension	0.64%	2.51%	3.23%	3.74%

The Trustee expects that the crediting rates for the Cash Return investment option will be similar to the official cash interest rate set by the Reserve Bank of Australia (RBA), less investment fees and tax (where applicable).

The RBA kept the official cash rate steady at 2.5% per annum at each of its monthly meetings through the September quarter and signaled that it is prepared to keep the official cash rate stable for some time.

Whilst the RBA noted the Australian dollar had declined in value on foreign exchange markets recently, it believes it is still high by historical standards, which hurts Australia's export competitiveness. That is another reason not to raise the official cash interest rate too soon, because a higher interest rate tends to attract foreign investors to buy Australian bonds and cash, and by doing so, push up the value of the Australian dollar.

Rollover and Pension Cash Return Crediting Rates are only available from 5 August 2009.

The compound Crediting Rates shown above are after investment costs and tax (where applicable). Pension members do not incur tax on investment earnings of their APSS Pension Accounts.

Important reminder: Past investment returns are not necessarily indicative of future investment returns.

Actual asset allocation for the quarter: Cash 100%

Remember

When comparing the official cash interest rate to the APSS Cash Return crediting rates, keep in mind that, with the exception of the APSS Pension Accounts, the crediting rates are shown after tax is paid on investment earnings.

How to contact the APSS

Call SuperPhone on **1300 360 373** between 9am and 5.30pm (AEST) Monday to Friday or visit us online at **apss.com.au**. Write to APSS, Locked Bag A5005, Sydney South NSW 1235 or Fax (02) 9372 6288.

Australia Post Superannuation Scheme (ABN 42 045 077 895) Issuer: PostSuper Pty Ltd (ABN 85 064 225 841) RSE Licence Number L0002714 APSS Registration Number R1056549. Important Note: All investments carry risk and may rise and fall. International investing involves additional risks, including the risk of currency fluctuations. Diversification does not ensure a profit or protect against a loss in a declining market. Past performance is not a guarantee of future returns or crediting rates. APSS's crediting rates are calculated fortnightly and are published on **apss.com.au**. The information contained in this publication is of a general nature, is not intended to be financial product advice and does not take your personal financial circumstances into account. Before acting on any information contained in this document you should first consider its appropriateness to your financial circumstances. If you have any doubt or required further assistance you may wish to seek the advice of a professional financial adviser. The APSS Trustee does not hold an Australian Financial Services Licence and therefore is not licensed to provide you with financial product advice. Issued: 31 October 2014.