

## 6. Fees and costs

The information in this document forms part of the Product Disclosure Statement (PDS), dated 1 July 2011, for the LGS Accumulation Scheme. This document is dated 1 July 2011.

The table below shows the respective fees for the 5 investment options.

Type of fee or cost	Amount
<b>Fees when your money moves in or out of the fund</b>	
Establishment fee: The fee to open your investment.	Nil
Contribution fee: The fee on each amount contributed to your investment – either by you or your employer.	Nil
Withdrawal fee: The fee on each amount you take out of your investment.	\$20.00
Termination fee: The fee to close your investment.	Nil
<b>Management costs</b>	
The fees and costs for managing your investment for each strategy as follows:	
<b>High Growth</b>	
Investment fee and expense recovery costs (including performance fees and member protection cost)	1.00% of member balance p.a. for the year ended 30 June 2010
And Administration fee	And \$4.33 per month
<b>Balanced Growth</b>	
Investment fee and expense recovery costs (including performance fees and member protection cost)	0.97% of member balance p.a. for the year ended 30 June 2010
And Administration fee	And \$4.33 per month
<b>Balanced</b>	
Investment fee and expense recovery costs (including performance fees and member protection cost)	0.92% of member balance p.a. for the year ended 30 June 2010
And Administration fee	And \$4.33 per month
<b>Conservative</b>	
Investment fee and expense recovery costs (including performance fees and member protection cost)	0.88% of member balance p.a. for the year ended 30 June 2010
And Administration fee	And \$4.33 per month
<b>Cash</b>	
Investment fee and expense recovery costs (including performance fees and member protection cost)	0.72% of member balance p.a. for the year ended 30 June 2010
And Administration fee	And \$4.33 per month

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The Investment fee and expense recovery costs are deducted from net earnings prior to those earnings being credited to your account. The Administration fee is deducted directly from your account. All fees and costs deducted from your account will be shown on your Annual Statement.

### Investment switching fee

LGS allows for one free investment switch per financial year but subsequent switches incur a \$20 fee. This fee is deducted directly from your account.

### Performance fees

The Trustee has entered into performance fee agreements with certain investment managers.

Performance fees are payable when investment returns exceed an investment manager's benchmark and form part of the management costs. As at the date of this Fact Sheet, those managers with whom there are performance fee arrangements in place are listed below:

**Table 1**

Manager	Sector	Fund	Calculation of performance fee	Hurdle rate (performance benchmark)
Queensland Investment Corporation	Cash	Enhanced Cash Fund	20% of excess performance	UBSA 90 day bank bill index
Macquarie Investment Management	Absolute Return	Credit mandate	15% of excess performance	UBSA 90 day bank bill index plus a margin
Quentyn Ayres	Private Equity	Quentyn Ayres program	5% of performance	RBA cash rate plus a margin
Quentyn Ayres	Semi Liquid Funds	Quentyn Ayres program	5% of excess performance	RBA cash rate plus a margin
Independent Asset Management	Australian equities	Australian equities mandate	15% of excess performance	S&P/ASX 200 index
Attunga Capital	Absolute Return	Attunga Enviro Opportunities Fund	20% of profits	0%
H3 Global Advisors	Absolute Return	H3 Global Strategies Fund	20% of profits	0%
Winton Capital	Absolute Return	Winton Global Alpha Fund	20% of profits	0%

Note: High water marks apply for all performance fee calculations in Table 1.

**Table 2**

Manager	Sector	Fund	Calculation of performance fee
Macquarie Investment Management	Private Equity	Macquarie Clean Technology Fund	After the return of an amount equal to the capital committed to the Fund: - The first 8% of return is paid to the investor - The next 5% of return is paid to the investment manager - Thereafter, 90% of the return is paid to the investor, and 10% of the return is paid to the investment manager

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For all investment managers, underperformance will be carried forward and taken into account in the calculation of the performance fee in future periods.

### Investment fee and expense recovery costs

While the Investment fee and expense recovery costs are capped at a maximum of 1.00%, the fees charged may be lower based on actual costs incurred by the Scheme. The amounts charged will be shown on your Annual Statement, in the Annual Report and on the website, or you can contact Member Services for this information.

Note that any movement in this fee below the quoted maximum of 1% (for example where the Balanced investment strategy fee rises from 0.92% to 0.98%) will not be reported to you in advance, but will be reported in your Annual Statement and in the Annual report.

## Buy/sell spread

A buy/sell spread is the costs associated with investing in, switching between or withdrawing from the investment strategies. Currently the Trustee does not apply a buy/sell spread for any of these transactions however they may choose to do so in the future.

All costs associated with any of these transactions (including brokerage and commission) are taken into account at the time of valuation for the investment strategy.

### Payments to Authorised Representatives

Authorised Representatives of LGS receive remuneration by means of salary only. No commission is paid by LGS or members.

### Taxation rebate

LGS receives a taxation deduction on fees and insurance costs which is passed back to members in the form of reduced contributions tax.

### Request for Family Law information fee

This fee is for the provision of information about a member's account relevant to a Family Law split.

The fee is \$110 and is payable by the eligible person requesting the information. The payment should be provided in the form of a cheque or money order made payable to LGS.

### Benefit split fee

This \$88 fee associated with a Family Law court split is generally paid by the member and non-member spouse in equal parts. The member's share of the fee is deducted from their account and the non-member spouse's share is deducted from the non-member spouse's splittable payment prior to transfer of the payment out of LGS.

### Management costs

Management costs are made up of two components:

- An administration charge of \$4.33 per month deducted directly from your account
- Investment and expense recovery costs which are deducted from gross investment returns.

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### Charges paid to investment managers

LGS invests predominantly through the Local Investment Fund (LIF), a wholesale investment trust.

The Trustee of LIF is a wholly owned subsidiary of the Trustee of LGS. Investment management fees and other charges incurred by LIF may be paid by the Trustee of LGS out of LGS assets.

All investment management fees and charges are deducted from the investment returns prior to the investment return for each strategy being declared

The Trustee undertakes that it will not deal with LIF more favourably than it would deal with any other independent service provider.

### Member protection

If your account balance is less than \$1,000 and you otherwise meet the member protection requirements, the Trustee must ensure that any fees and other costs deducted from your account do not exceed the investment return in any financial year. This means that your account balance cannot reduce because of management costs (insurance and tax excluded). However, in times where investment earnings are poor or negative, superannuation law provides the Trustee with discretion to charge a nominal management fee of no more than an amount equal to the investment return plus \$10, subject to certain prerequisites met by the Trustee.

Although not a fee, the cost of protecting low member account balances against erosion by administration fees is deducted from earnings before unit prices are calculated.

### Information on abnormal expenses

The management costs set out in this Fact Sheet do not incorporate an allowance for abnormal expenses (if any) to which the Trustee is entitled to be reimbursed from LGS. At the date of this Fact Sheet, we do not anticipate any abnormal expenses to be paid.