



# Fees and other costs

This Fact Sheet is dated 1 July 2010 and incorporates by reference additional information into the Rollover and Account-Based Pension Plan PDS dated 1 July 2010.

## Additional explanation of fees and costs

### Performance fees

The Trustee has entered into performance fee agreements with a number of investment managers. As at the date of this Fact Sheet, those managers with whom there are performance fee arrangements in place are shown in tables 1 and 2 on the following page. The performance fees form part of the management costs. We will update this Fact Sheet when new arrangements are entered into.

A performance fee is only payable if the returns have exceeded the hurdle rate (performance benchmark).

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

The impact on any particular strategy will depend on the proportion of funds managed by the relevant investment manager. For example, if a particular investment manager manages 10% of a strategy's portfolio, then the impact on the strategy will be one tenth of the percentage listed on the table on the next page.

### Payments to Authorised Representatives

Authorised Representatives of FuturePlus receive remuneration by means of salary only. In providing their services they do not receive any additional commission or bonus. However, Authorised Representatives may receive from FuturePlus a non-monetary incentive up to the value of approximately \$1,000 per annum for attaining client service targets (i.e. this is not an additional charge on Local Government Super).

### Request for Family Law information fee

The fee is for the provision of information about a member's account relevant to a Family Law split. The fee for a member is \$110 and is payable by the person requesting the information. The payment should be in the form of a cheque or money order payable to Local Government Super.

### Benefit split fee

This is a fee associated with a Family Law court split. The fee is \$88 and is generally payable by the member and non-member spouse in equal parts (\$44 each). 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 Local Government Super.

### 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 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.

### Information on abnormal expenses

The management costs do not incorporate an allowance for abnormal expenses (if any) to which the Trustee is entitled to be reimbursed from Local Government Super. As at the date of this fact sheet, we do not anticipate any abnormal expenses to become payable.

## Management costs

Management costs are made up of two components, an Investment and expense recovery fee and an Administration cost.



**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
Quentin Ayres	Private Equity	Quentin Ayres program	5% of performance	RBA cash rate plus a margin
Quentin Ayres	Semi Liquid Funds	Quentin 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 fees 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 to the investor of an amount equal to the capital committed to the Fund: <ul style="list-style-type: none"> <li>• the first 8% of return is paid to the investor;</li> <li>• the next 5% of return is paid to the investment manager;</li> <li>• thereafter, 90% of the return is paid to the investor, and 10% of the return is paid to the investment manager.</li> </ul>
Wilshire Australia	Private Equity	Wilshire Asia No.2 Fund	After the return to the investor of an amount equal to the capital committed to the Fund: <ul style="list-style-type: none"> <li>• the first 15% of return is paid to the investor;</li> <li>• the next 10% of return is paid to the investment manager;</li> <li>• thereafter, 90% of the return is paid to the investor, and 10% of the return is paid to the investment manager.</li> </ul>

### Investment and expense recovery fees

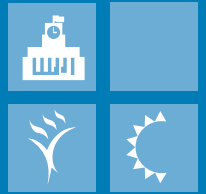
For the Plans, Investment and expense recovery fees are not deducted from a member's account but are deducted from gross investment returns before investment returns are determined and allocated to the members account via applicable unit prices.

Investment and expense recovery costs are incorporated by way of a ratio (1.0%) that adds both percentages together and multiplies it with the account balance to derive the estimated dollar impact of those fees and costs.

The Trustee has decided to establish a maximum fee limit that the Plans may charge. Please note that this is a maximum and the actual fees charged may be lower, based on costs actually incurred. The actual level of fees charged will be disclosed in your Annual Statement, the Annual Report and will also be available on Local Government Super's website. Alternatively, you can contact Member Services for the information.

### Administration costs

The Administration costs do not apply for the Rollover and Account-Based Pension Plan.



## Increases or alterations to fees and other costs

Fees are determined and reviewed at least annually by the Trustee. The Trustee will give you appropriate notice if fees and other costs are increased. The Trustee will provide you with at least three months notice if there is any increase in the maximum 1% investment and expense recovery fee quoted in the PDS. Any movement in this fee below the quoted maximum (for example where the Balanced Growth investment strategy fee rises from 0.97% to 0.99%) will be reported to you in the Annual Report and will also be available from the LGS website or by contacting Member Services.

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