

Changes this year

UniSuper had more than \$21.8 billion dollars in net funds under management as at 30 June 2009. This comprised:

- 26% in Australian shares
- 21% in international shares
- 10% in property
- 9% in alternative investments
- 23% in fixed interest
- 9% in cash, and
- 2% in socially responsible investments.

A variety of changes occurred within the Fund's investment portfolio over the course of the year. Click on the links below for more information about the key changes in the following asset sectors:

- [Australian and international shares \(including our currency hedge\)](#)
- [Property](#)
- [Alternative investments and private equity](#)
- [Risk management](#)

Australian and international shares

In the Australian shares portfolio, LINWAR Funds Management was removed and Acorn (micro caps) were transferred into the portfolio from UniSuper's Australian Private Equity portfolio.

Active management strategies in the international shares portfolio increased to cover 60% of portfolio assets, with the remaining 40% of assets invested in enhanced passive management strategies.

During the year, the Fund introduced international small companies into the portfolio with a 12% allocation, and Acadian, Arrowstreet and Fidelity were appointed to manage this segment. UniSuper's international shares allocation is partially hedged to reduce exposure to fluctuating currency exchange rates. The Fund's currency hedge level was increased to its strategic level of 40%.

Property

The Fund's total listed and unlisted property portfolio was valued at \$2.2 billion as at 30 June 2009.

While weak market conditions during the year were not conducive to making significant additional investments in unlisted property, the recent increase in the Fund's strategic allocation to property (to 12.5% on 1 June 2009), and a general stabilisation of markets, will most likely increase the Fund's property acquisition appetite in the 2009/10 financial year.

During the year, the Fund implemented its international property investment program, investing \$200 million in global listed property securities in June 2009 via two newly appointed specialist investment managers, and also committed US\$50 million to its unlisted 'non-core' style international property portfolio, advised by Franklin Templeton Investments Australia.

In the domestic markets, the Fund invested an additional \$60 million in Australian listed property securities, and made incremental investments in a number of its Australian unlisted pooled property funds totalling \$10.7 million.

Alternative investments and private equity

During the year, the Trustee implemented its policy of rotating its independent valuers for unlisted assets and appointed Ernst & Young and Value Advisor Associates, following a comprehensive tender process. Within the infrastructure portfolio, it also invested additional capital in the following assets over the financial year:

- Brisbane Airport (transportation sub-sector)
- Electranet, a South Australian electricity transmission network (utilities sub-sector), and
- Anglian Water, a UK water and waste water services provider (utilities sub-sector).

In addition to these investments, our private equity portfolio grew by approximately \$240 million in commitments to \$2.6 billion over the financial year. We committed to four international private equity investments totalling \$190 million, and to one domestic private equity investment totalling \$50 million.

Risk management

Over the financial year, UniSuper designed and implemented a proprietary approach to risk budgeting. The philosophy behind the approach can be seen in the paper, *UniSuper's Approach to Risk Budgeting* (available online at <http://www.unisuper.com.au/investments/investment-basics/risk-return>) and presented at the 2009 Institute of Actuaries of Australia's convention.