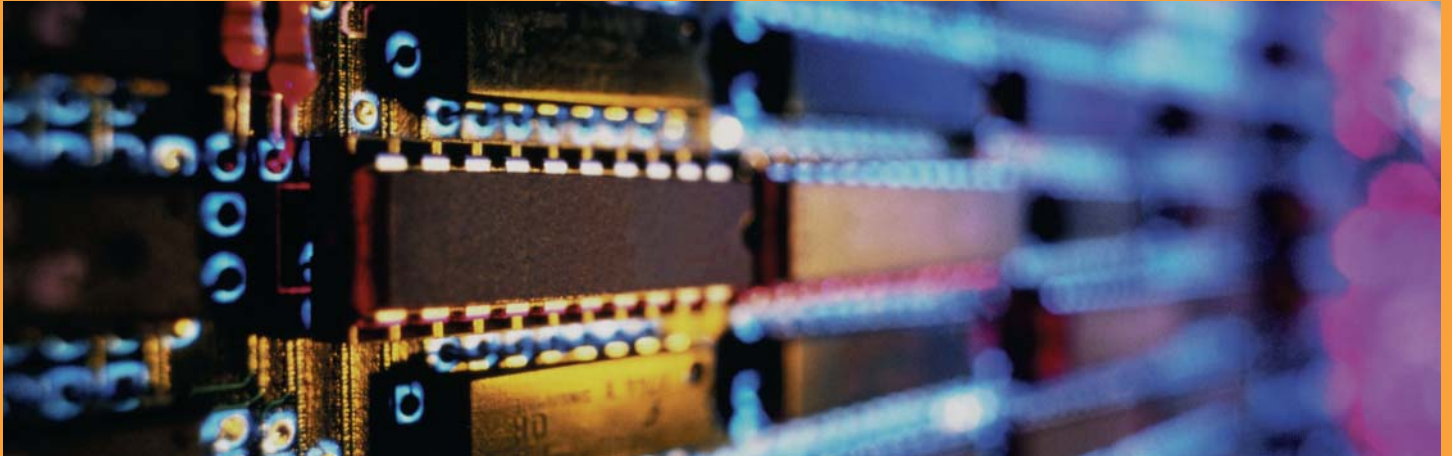


ANNUAL REPORT 2004 | MEMBER BOOKLET



THE PRODUCT DISCLOSURE STATEMENT
(PDS) FOR COMBINED FUND CONSISTS
OF THE FOLLOWING DOCUMENTS:

PART 1: Annual Report to 31 December 2004 and Member Booklet
PART 2: Benefit Summary

The PDS is issued by Combined Fund Pty Ltd as Trustee of Combined Fund (see back page for contact details).

MISSION STATEMENT

Combined Fund (formerly the Combined Schools Superannuation Fund) is a major provider of superannuation services to the Private Education Sector, Charities, Religious Organisations, Non-profit Groups and Associations and other selected employers.

Established in 1959, Combined Fund has some 7500 Member accounts spread over 60 Participating Employers and assets in excess of \$276 million.

Our mission is to provide benefits to members and their families which will enhance their long term financial strength, well-being and security.

We will do this by providing superannuation and a range of other financial and finance-related services which are:

- innovative;
- member oriented;
- quality driven;
- well managed and controlled;
- low cost;
- market competitive; and
- conforming to all legal and regulatory requirements.

We are committed to deliver excellence in client service at all times.

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Important Notice

This Product Disclosure Statement (PDS) was prepared by Group Benefits Pty Ltd ABN 83 082 989 142 (Australian Financial Services Licence 239636) on behalf of the Trustee of Combined Fund. Whilst every effort has been made to ensure that the information in this PDS is accurate, errors do sometimes occur and the Trustee reserves the right to correct them.

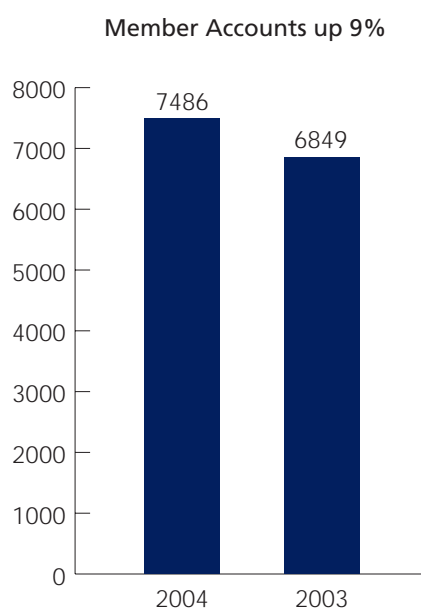
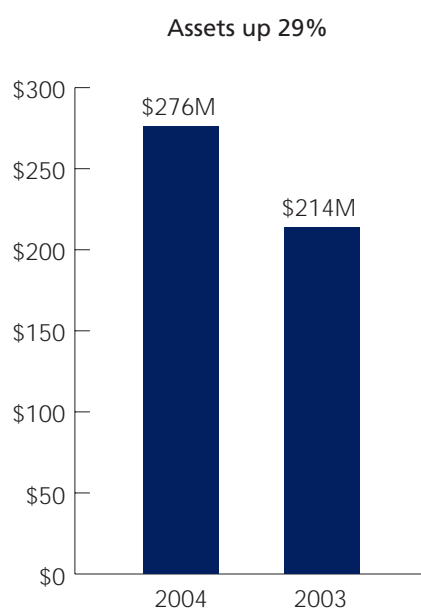
The Trustee does not hold an Australian Financial Services Licence and, therefore, cannot provide you with financial product advice. In any case, the PDS contains information of a general nature only and you should consult your financial adviser if you intend to make any financial or investment decisions based on this information.

Information contained in this PDS may change from time to time. Unless the changed information is materially adverse to members, we may not always update or replace this PDS immediately to reflect the changed information.

Copies of any updated material will be posted on the Fund's website (www.combinedfund.com.au) and will be available by telephoning the Fund on (03) 9691 2900 or Toll Free 1800 200 801.

HIGHLIGHTS OF THE YEAR

Consistent, Manageable Growth



2004 Crediting Rates – see page 10 for more details.

NB: These are the rates of return actually credited to members' accounts for 2004 ie. after tax and all fees have been deducted.

Investment Option	Group, Personal Benefit and Spouse Members	Allocated Pension Members*
	% Return	% Return
Balanced	16.6	17.3
Australian Shares	27.7	30.0
International Shares	7.1	7.3
Ethical Shares	17.6	19.0
Property	15.6	16.9
Capital Stable	9.5	10.1
Fixed Interest	5.6	5.7
Cash	4.7	4.8

*The investment return on Allocated Pension assets is exempt from tax. This, combined with a different fee structure, means that the declared returns for our Allocated Pensioners are usually higher than the returns for our other members.

2004 Super Ratings Awards



CHAIRMAN'S REPORT

A year of added value

Investments

Despite last year's predictions by the financial press and investment managers that the days of double digit returns from superannuation funds are long gone, our Balanced Option produced a crediting rate of 16.6% (net of all fees and tax) for the year to 31 December 2004.

This is an excellent result, reflecting the significant changes to the Fund's investment arrangements which were mentioned in my last report.

All eight investment options produced good positive returns and our long term results have been very pleasing, especially for those options which are most popular with our members. For example, in the SuperRatings survey of actual crediting rates (of more than 50 superannuation funds) for the 5 years to 31 December 2004, Combined Fund was ranked:

- 8th for our Balanced Option
- 2nd for Australian shares
- 2nd for International shares
- 7th for our Capital Stable Option

These rankings were based upon interim return estimates provided to SuperRatings prior to final returns being determined. Our final returns would place our Balanced Option 6th and our Australian Shares Option 1st for the 5 years to 31 December 2004.

It is also worth noting that, whilst the investment markets in 2004 produced positive returns for all asset classes for the first time in four years, Combined Fund produced positive returns from all investment options in **both** 2003 and 2004.

ALL EIGHT INVESTMENT OPTIONS PRODUCED GOOD POSITIVE RETURNS AND OUR LONG TERM RESULTS HAVE BEEN VERY PLEASING.



Interactive Website

As advised in our Winter 2004 Newsletter, our website allows you to view your account details 24 hours a day, 7 days a week and to make changes to your address, name, dependants, investment choices etc.

The letter which accompanied that newsletter urged members to register their password and pin number to gain private access to account details and we were flooded with registration forms. We were delighted to see this much interest from members.

If you haven't already registered and you want regular access to your account details, log on at www.combinedfund.com.au and complete a registration form. Alternatively, ring us and we can send you a form.

Remember, you can also ring us if you want to discuss your Fund benefits or superannuation matters in general. Unlike many other funds, you'll be talking to the person who actually works on your Fund account.

Financial Planning Service

Late last year, after about two years of searching, we finally found a financial planner who we were happy to endorse to our members. As mentioned in our Summer Newsletter, Eleonor Klopsch, of Oracle Financial Group, is now operating out of Combined Fund's office and her strong background in accounting and taxation enables her to provide specialist independent advice in all areas of financial planning.

For direct contact, ring (03) 9600 2576.

Our Gold Rating

The independent ratings group, SuperRatings, conducted a comprehensive review of over 70 of Australia's leading superannuation funds in 2004. In looking at which funds offer the best value for money, SuperRatings considered more than 300 features of the superannuation funds including returns, fees, insurance and service.

Of all of the funds reviewed, Combined Fund was one of only 15 to be awarded a Gold Rating.

With its almost 7500 member accounts and \$276 million in assets under management, Combined Fund is by far the smallest of the Gold Rated funds. The median Gold fund has 82,250 members and \$1.095 billion in assets. The largest fund to be awarded a Gold Rating has almost 500,000 members and \$7.1 billion in assets. The 70 funds reviewed by SuperRatings cover about 10 million members and have total assets under management of about \$150 billion.

We are justifiably proud of this Award and will continue to strive for excellence on behalf of our members.

Group Presentations

In awarding its Gold Rating, SuperRatings placed particular emphasis on the quality of our Advisory Services. Each year, we conduct many presentations for groups of members at schools on PD days and after hours. These presentations are made free of charge and cover a range of topics from "the A to Z of superannuation" to more specific areas including:

- tax-effective contributions
- investment
- retirement planning
- how your fund works

We'd be delighted to present to you and your colleagues in 2005. Talk to us or your business manager/bursar and we'll arrange a date and time.

Vale – Keith Doery

I conclude this Report on a sad note by recording the passing of Keith Doery, the longest serving Board member of the Fund who would have completed 30 years service in August 2005.

As the representative of The Geelong College, Keith made an outstanding contribution to the Fund and its members and he will be greatly missed by his colleagues on the Board of the Fund.

J. R. Evans
Chairman

HOW COMBINED FUND WORKS

Total Account Balance

Your Total Account Balance may comprise:

- your contributions; plus
- contributions by your spouse; plus
- employer contributions; plus
- government co-contributions;
- transfers or roll-overs from other Funds; plus
- investment earnings; less
- government taxes and administration and insurance costs.

Contributions

Your employer will contribute a minimum of 9% of your Salary to the Fund as stipulated by Government Regulations (Superannuation Guarantee Legislation) or such other amount as agreed between you and your employer.

You may make additional contributions to the Fund from your pre-tax Salary (ie by reducing your taxable salary by the amount of contribution which you select). This is known as Salary Sacrifice and it enables you to obtain the equivalent of a tax deduction for the selected contribution.

Alternatively, you may make additional contributions from your after-tax salary if you prefer or if Award restrictions do not permit Salary Sacrifice. A Government co-contribution may be available in respect of after-tax contributions (see Superannuation News).

Spouse Contributions

You may also make contributions to the Fund on behalf of your spouse. A tax rebate of 18% on up to \$3,000 of spouse contributions may also be available. The maximum rebate of \$540 is available where your spouse's income is \$10,800 or less. The rebate reduces gradually to zero where your spouse's income is \$13,800 or more. The Fund can also provide an insurance benefit in the event of your spouse's death.

Members wishing to make spouse contributions should ring the Fund Administrator on 1800 200 801 (toll free) and ask for a Spouse Membership Product Disclosure Statement.

Member Investment Choice

This PDS describes the eight investment options available to you and a range of other issues, including:

- how the Default Option works;
- how investment switches can be made;
- historical returns;
- relative volatility of each option.

Investment Units

All money credited to your Combined Fund account purchases units in your chosen investment options.

Unit prices for each investment option are calculated and updated on the website monthly. They are also advised each quarter in our newsletter and are available from the Fund Administrator upon request.

The unit prices are net of investment fees and other fees and investment taxes.

At any time, your account balance in the Fund is determined by multiplying the number of units you hold by the current unit price(s) for your chosen investment option(s).

Special Facilities For Members Who Leave Service/Retire

To enable members to use Combined Fund as their "lifetime" fund, we provide the following facilities for members who leave service or retire:

(1) Accumulation Phase – Personal Benefit Account

Members who leave the service of one of our participating employers can transfer to a Personal Benefit Account in their own name within Combined Fund which can be used to:

- receive ongoing contributions (personal or from a new employer);
- provide ongoing insurance cover;
- maintain or change your investment options;
- draw down non-preserved monies, if needed.

(2) Retirement Phase – Allocated Pension Account

Members who retire can transfer to an Allocated Pension Account in their own name within Combined Fund. In this account:

- any investment income earned is quarantined and free from tax;
- the maximum and minimum levels of total pension payments which you may draw each year are set by the Government and are based on your age and Account Balance;
- you may make lump sum withdrawals in addition to your pension payments;
- there is generally some tax payable on these payments (see the Taxation Section of this PDS).

See the separate Benefit Summary for Allocated Pensions for more details.

(3) Retirement Phase – Growth Pension

A further pension facility will be introduced in 2005.



Preservation

Part or all of your benefits is subject to Government preservation requirements and cannot be taken as cash until you meet one of the following Conditions of Release:

- you attain age 65 (whether still working or not);
- you leave the service of your employer at or after age 60;
- you retire from the workforce on or after reaching your Preservation Age;
- your account balance is less than \$200;
- you die;
- you suffer total and permanent disablement;
- you successfully apply to the Australian Prudential Regulation Authority (APRA) for the release of your benefits on specific grounds;
- you entered Australia under a temporary entry visa and are now leaving Australia permanently.

Your preserved and non-preserved benefits are shown on your benefit statement.

Preservation Age

The Preservation Ages are:

Persons born	Preservation Age
After June 1964	60
After June 1963 and before July 1964	59
After June 1962 and before July 1963	58
After June 1961 and before July 1962	57
After June 1960 and before July 1961	56
Before July 1960	55

Death Benefits

In the event of your death, your account balance is payable. An insurance benefit may also be payable. Refer to your Benefit Summary and your benefit statement.

The death benefit is payable to one or more of your dependants or to your legal personal representative, as decided by the Trustee. You can nominate dependants to receive your death benefit on your Death Benefit Distribution form

For legal and practical reasons, the Trustee has the discretion to decide which of your dependants receives the death benefit. The Trustee will take note of your wishes but will not be bound by them. The Trustee is bound by the Trust Deed and Trust Law to undertake a careful examination of your personal situation in the event of your death.

An up to date Will should help the Trustee to ascertain your wishes.

If you do not have any dependants, the Trustee will pay the death benefit to your legal personal representative. However, if the Trustee considers that no legal personal representative has been or will be appointed, it will pay the death benefit to any other person or persons permitted under Superannuation Law.

Dependants include your spouse (including de facto spouse), your children (including any adult children, adopted children, ex-nuptial children, foster children, a ward of you or your spouse or a person standing in loco parentis) and any person who was wholly or partially dependent on you at the time of your death.

A dependant can also be a person with whom you live and have a close personal relationship. One of you must rely on the other for financial support and one of you must provide the other with domestic support and personal care. This person is known as an Interdependant.

Your nomination may be changed at any time and should be updated if your circumstances change – especially if your nominated dependant dies.

Total Disablement Benefits

The Fund offers two separate insurance benefits on disablement:

- a monthly income benefit on total disablement (even if temporary); and
- a lump sum benefit on total and permanent disablement.

NB: You should refer to your Benefit Summary and your benefit statement as you may not be provided with both benefits.

Disablement insurance benefits are generally not available for Spouse Members.

(1) Monthly Income Benefit (Salary Continuance Insurance)

This insurance benefit is payable on total disablement (whether temporary or permanent) if you:

- have been absent from work for a continuous period of 90 days due to an accident or sickness; and
- are unable to perform at least one of the duties of your occupation necessary to produce income; and
- are not working in any occupation; and
- are under the care of a Medical Practitioner.

The benefit payable is 75% of your salary at the previous 1 January and is payable by monthly instalments in arrears. The benefit payments stop at the end of 2 years or at age 65, depending on the insurance option selected, or earlier if you:

- get better; or
- go back to work; or
- reach age 65; or
- die.

The benefit may be reduced if you receive other sickness or accident benefits, including Workcover.

No benefit will be payable when disability is caused directly or indirectly by:

- any self-inflicted injury or attempted suicide; or
- pregnancy, unless the disability continues for more than 3 months after the end of the pregnancy in which case the end of pregnancy will be deemed to be the commencement of the period of disability.

The Salary Continuance Benefit is not available if you are working less than 20 hours per week for your employer or if you are a Casual employee.

Partial Disability Benefit

If, following the payment of a total disability benefit, you return to work and you are under the care of a Medical Practitioner but, as a result of the disability, your salary is less than 80% of your pre-disability salary, a partial disability benefit may be payable.

Recurrent Disability

The 90-day waiting period may be waived in the event of recurrent total disability that the insurance company considers has arisen from the same or related cause(s).

Effect of Monthly Income Benefit on Other Benefits

While you are receiving the Monthly Income Benefit, you remain eligible to receive all other benefits from the Fund. You may also continue to pay contributions while you are receiving this benefit. Unless you are continuing to receive a salary (including sick pay) from your employer, there would be no employer contributions while you are receiving the monthly income benefit.

If you are assessed to be Totally and Permanently Disabled while receiving the Monthly Income Benefit, you may also receive the Lump Sum Benefit as described below and continue to receive your Monthly Income Benefit.

(2) Lump Sum Total and Permanent Disablement (TPD) Benefit

The total and permanent disablement benefit is payable if:

- you have been absent from work due to injury or illness for six consecutive months; and
- in the opinion of the Trustee, after consideration of medical evidence, you are unable to follow your usual occupation by reason of accident or disease and you are unlikely ever to be able to follow your usual occupation or any other occupation for which you could be reasonably considered qualified by education, training or experience.

However, the benefit will be payable immediately if you lose the sight of both eyes, lose both hands or feet, lose one hand and foot or lose the sight of one eye as well as losing one hand or foot.

(Note: This definition should be used as a guide only. The full definition is contained in the Fund's Trust Deed and Insurance Policy).

Evidence Of Good Health

If it is necessary for you to be medically examined or provide evidence of good health, the Trustee reserves the right to impose special provisions or limits on your Death and/or Total and Permanent Disablement benefits and/or Salary Continuance Insurance if the insurance company does not offer insurance on standard terms.

Insurance After You Leave Service

If you have insurance cover and you leave the service of your employer for reasons other than retirement from the workforce, you may apply to the insurance company to purchase a personal insurance policy without having to provide some or all of the evidence of good health which would normally be required.

If you qualify for this offer, the insurance company may temporarily maintain the level of insurance cover (but not salary continuance cover) described above, subject to the same conditions and restrictions which apply to you prior to leaving service, at no cost to you. This temporary cover will apply for up to 30 days after your termination of employment.

You must decide whether or not to take advantage of the personal insurance offer for the death, total and permanent disablement and salary continuance cover within 30 days of leaving service.

To obtain more details of this offer, contact the Fund – see the back page of this PDS.

If you transfer to a Personal Benefit Account in the Fund, you may maintain your insurance cover for death and total and permanent disablement or elect a death only insurance benefit and premiums will continue to be deducted from your account.

If you do not specify your ongoing insurance requirements, a standard level of death only insurance cover will be provided and premiums will be deducted from your account.

You may terminate the insurance cover at any time by notifying the Fund Administrator in writing (see back page).

FUND INVESTMENTS

Investment Markets – Ongoing Recovery

At the start of 2004, the Australian and international sharemarkets had enjoyed 9 months of recovery from their low point in March 2003.

Investment fund managers and financial journalists were cautiously optimistic for 2004 and most believed that the sharemarkets would outperform all other asset classes – albeit with subdued returns of 8-10%.

By the end of 2004, the Australian sharemarket had grown by 28% and international shares were up 9.9% for the year. International shares actually rose by 11% but the rising Australian dollar detracted from that result.

Spurred on by considerable merger and takeover activity, Listed Property was the standout performer for 2004 with a return of 32% for the year. Direct Property produced a less exciting 10.5% return, Australian and International fixed interest defied the general expectations of instability (and, possibly, even negative returns) and returned 7% and 9% respectively. International fixed interest investments in superannuation funds are generally hedged for protection against currency fluctuations, so the rising Australian dollar had less impact than it did on international shares.

For the first time in four years, all asset classes produced a positive return.

For the first time in six years, all asset classes achieved a better return than cash (5.6% for the year).

NB: All of the above results show the growth in the relevant index for the asset class eg. the S&P ASX 200 Index of Australian shares. Accordingly, these are returns before tax and investment and operational fees have been deducted.



Expectations For 2005

Like this time last year, most investment managers are cautiously optimistic about the investment markets for 2005. Many feel that the Australian sharemarket is fully valued and will be more subdued this year than 2004.

Whilst Australian shares have outperformed international shares each year for the past 5 years, there is a growing feeling that Australia will not be able to outperform the rest of the world for much longer.

However, global stocks are likely to face ongoing concerns about terrorism, currency tensions among the major industrial countries and interest rate rises in the USA.

The simple fact is that investment markets continue to confound even the experts and any predictions for the future should be viewed as nothing more than educated guesses.

This reinforces the importance of diversification across all asset classes ie not having all of your eggs in one basket.

Investment Options

Since January 1999, Combined Fund has offered members Investment Choice (not to be confused with Choice of Fund which takes effect from 1 July 2005 – see Superannuation News).

You can select one or more of eight options for the investment of your Account Balance.

- Australian Shares
- International Shares
- Ethical Shares
- Property
- Balanced (the default option if you do not make a choice)
- Capital Stable
- Fixed Interest
- Cash

(Watch for a ninth option to be announced soon).

You can alter your investment mix at any time and at no cost. You can even arrange a different investment mix for future contributions. It may be in your best interests to seek professional advice before making or changing your investment decision.

The selection of investment managers for the Fund is made by an extensive search process based upon independent professional advice. Since 1 January 2005, investment advice to the Trustee has been provided by JANA Investment Advisers.

The performance of the investment managers is continuously monitored and the Trustee may make changes, as deemed necessary, from time to time.

The following pages show details of each Investment Option, benchmark asset allocations and a five-year history of returns (including compound average returns). **These are the actual returns credited to your account ie after tax and all fees have been deducted.** Bear in mind that higher returns generally mean higher volatility and that past returns should not be seen as indicative of what may be achieved in the future.

For Allocated Pensioners, returns are shown separately. Our Allocated Pension commenced in 2001 so results for only 3¹/₂ years are shown.

A copy of the Fund's Investment Strategy and Objectives may be obtained from the Inquiries Officer, Roy Freeman.

Option 1: Australian Shares Option

The Australian Shares Option seeks to provide an investment return which exceeds the growth of the Consumer Price Index (CPI) by 5-6% per annum (or more) over rolling 3-year periods.

Strategy

To invest in a variety of Australian Companies where the share price is expected to appreciate over time. The likelihood of a negative return in any year is estimated as one in five.

Investment Managers

Maple Brown Abbott
Perennial Investment Partners
Paradise Cooper Investors
PM Capital Limited

The performance history of this Australian Shares Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	27.7
2003	2.4	12.4
2002	3.0	-6.8
2001	3.1	15.5
2000	5.8	11.4
5 Year Average	3.4	11.5

Option 2: International Shares Option

The International Shares Option seeks to provide an investment return which exceeds CPI growth by 5-6% per annum (or more) over rolling 3-year periods.

Strategy

To invest in a variety of International Companies where the share price is expected to appreciate over time. The likelihood of a negative return in any year is estimated as one in five.

Investment Managers

Bank of Ireland Asset Management
Deutsche Asset Management (Hedge Fund)
Platinum Asset Management

The performance history of this International Shares Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	7.1
2003	2.4	4.2
2002	3.0	-22.8
2001	3.1	-10.2
2000	5.8	7.1
5 Year Average	3.4	-3.7

Option 3: Ethical Shares Option

The Ethical Shares Option seeks to provide an investment return which exceeds CPI growth by 4-5% per annum (or more) over rolling 3-year periods.

Strategy

To invest in a variety of Australian and International Companies where the share price is expected to increase over time but excluding those which are not regarded by the investment managers as socially responsible e.g. Alcohol, Tobacco, Gambling, Uranium Mining. The likelihood of a negative return in any year is estimated as one in five.

Investment Managers

The benchmark asset allocation for the Ethical Shares Option is:

Australian Shares	65%
International Shares	35%

The actual asset allocation for 2004 and 2003 was:

	2004 %	2003 %
Glebe Asset Management (Australian Shares)	65	71
Bank of Ireland Asset Management (International Shares)	35	29

The performance history of this Ethical Shares Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	17.6
2003	2.4	6.1
2002	3.0	-15.6
2001	3.1	6.9
2000	5.8	5.5
5 Year Average	3.4	3.5

Option 4: Property Option

The Property Option seeks to provide an investment return which exceeds CPI growth by 3-4% per annum (or more) over rolling 3-year periods.

Strategy

To invest approximately 50% in Direct Properties and 50% in Listed Property via Property Trusts. The likelihood of a negative return in any year is estimated as one in five.

Investment Managers

HSBC Asset Management
Investa Property Group
Lend Lease Real Estate Investments

The performance history of this Property Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	15.6
2003	2.4	3.3
2002	3.0	9.5
2001	3.1	9.8
2000	5.8	13.3
5 Year Average	3.4	10.2

Option 5: Balanced Option (Default Option if you do not make an investment choice)

The Balanced Option seeks to provide an investment return which exceeds CPI growth by 3-5% per annum over the longer term.

Strategy

To invest in a cross-section of diversified assets with an emphasis on growth over the medium term and reduced risk.

The likelihood of a negative return in any year is estimated as one in seven.

Investment Managers

The Balanced Option is invested with all of the managers used for the various options (except the managers used for the Ethical Shares Option). The benchmark asset allocation for the Balanced Option is:

Australian Shares	47.5%
International Shares	22.5%
Property	12.5%
Fixed Interest	15.0%
Cash	2.5%

The actual asset allocation for 2004 and 2003 was:

	2004 %	2003 %
Australian Shares	49	46
International Shares	23	23
Property	8	11
Fixed Interest	14	6
Cash	6	14

The performance history of the Balanced Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	16.6
2003	2.4	6.6
2002	3.0	-4.4
2001	3.1	5.1
2000	5.8	10.0
5 Year Average	3.4	6.6

Option 6: Capital Stable Option

The Capital Stable Option seeks to provide an investment return which exceeds CPI growth by 2-3% per annum (or more) over rolling 3-year periods.

Strategy

To invest in a cross-section of diversified assets, with an emphasis on security of capital. The likelihood of a negative return in any year is estimated as one in ten.

Investment Managers

The Capital Stable Option is invested with all of the managers used for the various options (except the managers used for the Ethical Shares Option). The benchmark asset allocation for the Capital Stable Option is maintained as:

Australian Shares	15%
International Shares	8%
Property	7%
Fixed Interest	50%
Cash	20%

The performance history of the Capital Stable Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	9.5
2003	2.4	5.2
2002	3.0	2.1
2001	3.1	5.4
2000	5.8	8.4
5 Year Average	3.4	6.1

Option 7: Fixed Interest Option

The Fixed Interest Option seeks to provide an investment return which exceeds CPI growth by 3-4% per annum (or more) over rolling 3-year periods.

Strategy

To invest in a diversified mix (Australian and International) of fixed interest securities and bonds. The likelihood of a negative return in any year is estimated as one in ten.

Investment Managers

UBS Global Asset Management (Enhanced Cash)
Basis Capital Funds Management (Hedge Fund)

The performance history of this Fixed Interest Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	5.6
2003	2.4	4.0
2002	3.0	7.3
2001	3.1	4.6
2000	5.8	9.9
5 Year Average	3.4	6.3

Option 8: Cash Option

The Cash Option seeks to provide an investment return which exceeds CPI growth over rolling 3-year periods.

Strategy

To invest in Cash Managed Funds. There is no likelihood of a negative return in any year.

Investment Manager

UBS Global Asset Management

The performance history of this Cash Option for the last five calendar years has been:

	CPI %	Return %
2004	2.6	4.7
2003	2.4	3.8
2002	3.0	3.1
2001	3.1	4.3
2000	5.8	4.5
5 Year Average	3.4	4.1

Allocated Pension Investment Returns

Investment earnings for the Allocated Pension division of Combined Fund are exempt from tax. This, combined with a different fee structure, means that the declared returns for our Allocated Pensioners are usually higher than the returns for our other members.

Australian Shares	CPI %	Return %
2004	2.6	30.0
2003	2.4	13.8
2002	3.0	-8.8
1/7/01-31/12/01	1.5	5.4
3 ¹ / ₂ Year Average	2.7	10.6

Balanced	CPI %	Return %
2004	2.6	17.3
2003	2.4	8.0
2002	3.0	-7.3
1/7/01-31/12/01	1.5	1.3
3 ¹ / ₂ Year Average	2.7	5.1

International Shares	CPI %	Return %
2004	2.6	7.3
2003	2.4	3.2
2002	3.0	-25.7
1/7/01-31/12/01	1.5	-6.8
3 ¹ / ₂ Year Average	2.7	-7.3

Capital Stable	CPI %	Return %
2004	2.6	10.1
2003	2.4	5.4
2002	3.0	1.8
1/7/01-31/12/01	1.5	2.4
3 ¹ / ₂ Year Average	2.7	5.6

Ethical Shares	CPI %	Return %
2004	2.6	19.0
2003	2.4	5.9
2002	3.0	-17.0
1/7/01-31/12/01	1.5	1.6
3 ¹ / ₂ Year Average	2.7	1.7

Fixed Interest	CPI %	Return %
2004	2.6	5.7
2003	2.4	4.1
2002	3.0	7.9
1/7/01-31/12/01	1.5	2.9
3 ¹ / ₂ Year Average	2.7	5.9

Property	CPI %	Return %
2004	2.6	16.9
2003	2.4	3.4
2002	3.0	9.8
1/7/01-31/12/01	1.5	5.0
3 ¹ / ₂ Year Average	2.7	10.0

Cash	CPI %	Return %
2004	2.6	4.8
2003	2.4	4.1
2002	3.0	3.0
1/7/01-31/12/01	1.5	1.7
3 ¹ / ₂ Year Average	2.7	3.9

Investment Management

At least once a year, the Trustee carries out a review of the Fund's investment strategy. The Trustee has in place a process to actively manage the investment strategy and may allow the allocation to a specific investment sector to fall below the minimum of the stated range should it become concerned at extreme asset valuations. The Trustee can also increase the Fund's exposure to sectors that are undervalued and can protect the capital base by reducing exposure to over-valued sectors.

For example, in November 2003, all Fixed Interest investment mandates were terminated and reinvested in cash. This is under ongoing review.

On 28 June 2004, a significant part of the property investments with HSBC Asset Management was terminated and reinvested with Investa Property Group and Lend Lease Real Estate Investments.

On 1 September 2004, our Australian share fund investment with GMO Australia was terminated and a new investment was made with PM Capital Limited in their Australian Opportunities Fund.

Following the closure of the inactive section of the Personal Benefit Account, the Fund's investment with Top Quartile Management Ltd was terminated and the proceeds were reinvested across the other investment managers in the Fund.

The Trustee of the Fund is required to separately disclose any investments which represent 5% or more of the Fund's total assets based on the net market value as recorded in the Fund's financial statements for the year ended 31 December 2004:

Investment	% of Total Assets
Bank of Ireland International Equities Fund	8.2
Basis Capital Aust-Rim Opportunity Fund	7.9
Maple-Brown Abbott Australian Equity Trust	15.3
Paradice Cooper Investors Australian Equity Fund	15.6
Perennial Value Smaller Companies Trust	12.8
Platinum International Fund	8.6
PM Capital Australian Opportunities Fund	6.1
UBS Credit Enhanced Cash Fund	8.3

Unit Prices

Every contribution or rollover which is credited to your account is used to purchase units in the investment option(s) you have chosen.

Your account balance in the Fund at any time is simply the number of units you have in each option multiplied by the unit prices for those options at that time.

Unit prices move up and down as a result of changes in the market value of investments and investment income (interest, dividends, rents etc). Tax and Fund expenses are also taken into account in determining unit prices.

The movement in unit prices from 1 January to 31 December each year determines the annual return for each investment option.

Accordingly, the amount in your account at the start of each year will be credited with the return for the full year.

Subsequent contributions and rollovers will have different returns based upon the unit price at the time that they were received by the Fund.

Thus, whilst none of us like to see downturns in investment markets, any contributions or rollovers you make during such periods can earn better returns because they are purchasing units at a time when unit prices have dropped ie you purchase more units than you would when the investment markets are performing better.

EVERY CONTRIBUTION OR ROLLOVER WHICH IS CREDITED TO YOUR ACCOUNT IS USED TO PURCHASE UNITS IN THE INVESTMENT OPTION(S) YOU HAVE CHOSEN.



Ethical Investments Policy

In keeping with its policy of appointing investment managers to invest Fund assets but not interfering with the investment processes of those managers, the Fund Trustee does not take into account labour standards or environmental, ethical or social considerations and does not have a predetermined view of such considerations or how far they should be taken into account when investing on behalf of members.

Our Ethical Shares Option investment managers, Glebe Asset Management (Australian Shares) and Bank of Ireland (International Shares) both exclude or restrict investments in companies whose activities are considered harmful to the environment and/or involve:

- uranium mining and/or the use of uranium.
- gambling;
- tobacco or Alcohol;
- pornography;
- armaments;
- association with or support of oppressive regimes.

Combined Fund is one of only 7 Australian superannuation funds which belong to the Ethical Investors' Association.

Derivatives Policy

The Trustee has adopted a policy on derivatives that prohibits the Trustee from investment directly in derivatives in its own right. The policy allows derivatives (eg options, warrants, futures and swaps) to be utilized by the Fund's investment managers for the following purposes:

- to protect the value of the Fund's assets, to reduce risk and volatility of capital values and currency changes or to remove unwanted characteristics of securities;
- to efficiently alter the effective distribution of assets amongst investment sectors under the terms of appointment as a tactical asset allocation manager;
- to gain exposure to particular markets or companies in accordance with agreed investment management strategies, which includes long and short exposures to particular markets and/or securities;
- to achieve effective changes in investment allocations and to reduce transaction costs and the effect of price movements; and
- to more effectively manage risk and duration exposure.

The Trustee has received the appropriate Risk Management Statements from each Investment Manager. These statements summarise the Managers' principles, policies and procedures relating to the use of derivatives. The Trustee is satisfied that these are in keeping with the Fund's Investment Policies.

Balanced Option Reserving Policy

Until 31 December 2004, the Trustee maintained an Investment Fluctuation Reserve in the Balanced Option. This was used to smooth out the variations in year on year investment returns for the Balanced Option. The reserve did not apply to any other investment options.

Having built up the Reserve to \$3.079 million by 31 December 2001, the Trustee allocated \$3.041 million to supplement the return credited to the accounts of members in the Balanced Option in 2002.

For the year ended 31 December 2003, the Trustee credited \$883,000 to the Reserve, taking it to a total of \$922,000.

The Trustee conducted a review of its Reserving Policy in early 2005. The latest Member Survey showed that member support for the ongoing use of the Reserve had dwindled from almost 45% of members in 2001 to less than 25% of members in the Balanced Option.

The Trustee concluded that it was no longer appropriate to reduce the investment return for members in the good years in order to supplement returns in bad years.

Consequently, the Reserve Account has been closed and the proceeds used to supplement the return to members for the year ended 31 December 2004.

Significant Risks

Investors in any superannuation fund are exposed to a certain level of risk. Such risks can include:

- Investment Risk – the possibility that your chosen investment option may produce a negative or lower than expected return for a period of time. This risk is higher for "Growth" assets such as Australian and international shares and property than it is for "Defensive" assets such as fixed interest and cash.
- Legislative Risk – the risk that the Government will change rules relating to superannuation (eg rules dealing with tax on benefits or access to benefits). It should be noted that no changes made to superannuation rules so far have been retrospective.
- Termination Risk – Trustees of superannuation funds reserve the right to modify or terminate a superannuation fund at any time. If this should happen, any benefits which have been secured for you by contributions made up to the date of change will be maintained and transferred to a fund of your choice. Combined Fund has been operating since 1959 and is not expected to close in the foreseeable future.

GENERAL INFORMATION

Annual Report and Member Benefit Statement

The Fund is reviewed annually as at 31 December. Around 31 March each year, you will receive a benefit statement covering transactions for the previous year to 31 December. This will be accompanied by a Product Disclosure Statement which includes the latest Annual Report and the Member Booklet.

You will also receive a benefit statement when you leave the Fund.

Fund Documents

Any document which the Trustee is required to make available to members will be provided to you within one month of your request, including the Trust Deed, Fund Financial Statements and the Auditor's Report. The Inquiries Officer will also provide, on request, any information that you may reasonably require to understand the operations of the Fund.

Web Site

Our web site, at www.combinedfund.com.au, contains a range of information in respect of the Fund, including the latest Unit Prices.

By use of a pin number allocated to you, you can access full information related to your account, including current Account Balance, Nominated Beneficiaries, personal details, check/change address, check/change investment choice, check/change level of insurance cover, etc.

Additional Services

Membership of the Combined Fund confers other privileges including:

- an enhanced range of hospital and ancillary benefits if you join the MBF health fund;
- a free health fund advisory service which determines not only which health fund provides the best benefits for your personal and family circumstances but also which benefit table in that health fund is the most appropriate; and
- a free home/investment loan advisory service which will review your present loan arrangements and advise on and implement alternatives.
- a financial planning service provided independently of Combined Fund by Oracle Financial Group.

Further details of these services can be obtained from the Fund Administrator or via our website at www.combinedfund.com.au.

Personal Communication

Staff from the Fund Administrator are available to address Common Rooms/Staff Meetings as required. At these meetings, time is always set aside for personal, face to face discussion for those Members who have specific queries.

Members are also invited to visit the office of the Fund Administrator at any time for a personal discussion on any matter related to superannuation.

Enquiries and Complaints

Feedback is very helpful to us so, if you have a question or a comment, feel free to contact us (see back page for details). The Fund also has in place procedures to deal with any complaint you may have.

Complaints about the Fund are extremely rare and can usually be resolved promptly. However, if you are unhappy with the response, you may write to the Fund's Inquiries Officer.

Superannuation regulations stipulate that the Trustee then follows a formal complaints consideration procedure and responds to you within 90 days.

Superannuation Complaints Tribunal

If you are not satisfied with the Trustee's handling of your complaint or its decision, you may contact the Superannuation Complaints Tribunal. The Tribunal is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints with fund trustees.

If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Fund to come to a mutual agreement. If conciliation is unsuccessful, the complaint is referred to the Tribunal for review and it may make a determination which is binding.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, phone the Superannuation Complaints Tribunal, for the cost of a local call anywhere in Australia, on 1300 884 114.

Eligible Rollover Fund (ERF)

When you leave your employment, you may ask to transfer your benefit to a Personal Benefit Account (PBA) in Combined Fund or to another superannuation entity.

If you do not, your benefit will be transferred to a Personal Benefit Account or, if your account balance is less than \$1500, to an Eligible Rollover Fund (ERF). A Withdrawal Fee of \$67 will be deducted from your benefit before it is transferred out of Combined Fund. This fee is waived if you remain with Combined Fund in a Personal Benefit Account.

If your benefit is transferred to an ERF, your membership of Combined Fund and your insurance cover from the Fund will cease.

In the ERF, your benefits are generally protected from erosion against those administration costs that are charged to your account. This protection does not extend to taxation, insurance premiums (if any) and administration costs which are applied before the earnings of the ERF are allocated to members.

You should be aware that an ERF is not generally considered to be a suitable long term investment vehicle for your superannuation benefits. This is because ERFs usually invest in assets that do not have much potential for longer term growth.

You can withdraw your benefit from the ERF at any time, subject to the Government's preservation requirements. The contact details of the ERF used by Combined Fund are:

The Manager
Supertrace
Locked Bag 5429
Parramatta NSW 5429
Telephone 1300 788 750

Privacy Policy

The Trustee is bound by the National Privacy Principles set out in the Federal Privacy Act. The Act regulates the way the Trustee and the Fund Administrator collect, hold and use members' personal information.

This personal information is collected to enable the Trustee and the Administrator to administer members' entitlements under the Fund. The Trustee will not collect any personal information that it does not require to administer such entitlements.

Members' personal information is stored in secure facilities and data bases and is only accessible to authorised personnel. Members are entitled to access their personal information (subject to some exceptions set out in the Trustee's Privacy Policy Document) and to request changes to any details that are incorrect or out of date. Other organisations may also have access to members' personal information. They are:

- Insurance companies – to assist in the administration of any death and disablement insurance;
- Actuaries – to review defined benefit members;
- Auditors and Government Regulators;
- Mailing company – to do mailings for the Fund;
- Archiving company – to ensure that old documents are stored in a secure environment;
- Promotion company – to assist in promoting the benefits of the Fund to members.

Members can obtain a copy of the Trustee's Privacy Policy Document from the Inquiries Officer (see back page).

Family Law

The Family Law Legislation Act (Superannuation) 2001:

- allows a Member's spouse access to details of the Member's superannuation benefits; and
- provides for superannuation benefits to be treated as property which can be divided on the breakdown of a marriage.

On the breakdown of a marriage, spouses can make an agreement or a Family Court can order:

- a payment split, that sets out how the superannuation benefit or interest is to be split between the spouses; or
- a payment flag, which requires the Trustee to notify each spouse within 14 days after a benefit becomes payable.

All requests for information must be made in writing to the Trustee and accompanied by a fee of \$80. The Trust Deed has been amended to enable the Trustee to comply with the provisions of agreements between Members and their spouses and the Family Court.

SUPERANNUATION NEWS

Co-contributions

For the year ending 30 June 2005, members who earn 10% or more of their income from employment may be eligible for a Government co-contribution if they make personal contributions (from after-tax salary) of up to \$1000 pa.

The Government co-contribution will cut-out at \$58,000 Assessable Income as shown in the following table. Assessable income includes Reportable Fringe Benefits.

Assessable Income \$	Optimum Personal Contribution \$	Government Co-Contribution \$	Assessable Income \$	Optimum Personal Contribution \$	Government Co-Contribution \$
28,000	1,000	1,500	44,000	467	700
29,000	967	1,450	45,000	433	650
30,000	935	1,400	46,000	400	600
31,000	900	1,350	47,000	367	550
32,000	867	1,300	48,000	333	500
33,000	833	1,250	49,000	300	450
34,000	800	1,200	50,000	267	400
35,000	767	1,150	51,000	233	350
36,000	733	1,100	52,000	200	300
37,000	700	1,050	53,000	167	250
38,000	667	1,000	54,000	133	200
39,000	633	950	55,000	100	150
40,000	600	900	56,000	67	100
41,000	567	850	57,000	33	50
42,000	533	800	58,000	Nil	Nil
43,000	500	750			

For more details, contact the Fund's administration team (see back page for details).



Member Choice of Fund

From 1 July 2005, many members will be able to choose the superannuation fund into which their employer's future Superannuation Guarantee contributions are paid.

Your employer will not be required to provide choice if you are covered by:

- an Australian Workplace Agreement or a Certified Agreement; or
- a State Industrial Award

which stipulate a fund into which contributions are to be made.

In many cases, members of Defined Benefit arrangements will not be offered choice either.

More details will be provided closer to 1 July 2005.

Contributions after 1 July 2004

Under new rules, anyone between the ages of 18 and 65 may contribute to a superannuation fund – whether working or not.

Under age 18, you generally have to be in the workforce to make superannuation contributions.

After age 65, work tests apply to determine not only whether contributions can continue but also whether you can retain your benefits in the Fund.

We will be contacting all members who are over age 65 to provide more details.

Maximum Deductible Contributions

Each year, the Government sets limits upon the amount of contribution which can be paid by an employer on your behalf and claimed as a tax deduction (including Salary Sacrifice contributions).

For the year ending 30 June 2005, these limits are:

• Age 35 and under	\$13,934
• 35 to 49	\$38,702
• 50 and over	\$95,980

FINANCIAL INFORMATION

The Financial Statements of Combined Fund for the year ended 31 December 2004 are summarised below. This information is an abbreviated version of the full financial report. At the time this report was prepared, BDO Chartered Accountants were completing their audit. If there is any material change to these accounts, a separate advice will be forwarded to all Combined Fund Members. The audit of the Fund is expected to be completed and the accounts signed before 30 April 2005. The accounts will then be available for inspection by the Members.

Operating Statement for the year ended 31 December 2004	2004	2003
	\$	\$
Revenue		
Employer contributions	27,130,030	24,302,980
Member contributions	2,214,820	2,182,980
Transfers from other funds	13,172,543	6,617,878
Investment	41,432,373	17,625,090
Insurance claims	586,878	436,750
TOTAL REVENUE	84,536,644	51,165,678
Expenditure		
Administration	689,077	624,048
Audit	36,887	32,300
Leaving Service Fees	59,597	60,268
Directors fees	113,508	100,219
Net Insurance premiums	1,239,633	1,126,385
Insurance claims	586,878	436,750
Investment management	72,747	134,295
Secretarial	446,150	407,550
Other operating	733,272	623,405
TOTAL EXPENDITURE	3,977,749	3,545,220
Benefits accrued before tax	80,558,895	47,620,458
Surcharge deducted	232,265	207,022
Income tax expense	6,268,882	5,121,755
Benefits accrued after tax	74,057,748	42,291,681
Less Benefits paid/payable	12,459,177	9,991,781
Benefits accrued as a result of operations	61,598,571	32,299,900
Plus Members' Funds at beginning of year	214,414,392	182,114,492
MEMBERS' FUNDS AT END OF YEAR	276,012,963	214,414,392
 Statement of Net Assets as at 31 December 2004		
	2004	2003
	\$	\$
Investments	268,371,944	209,741,225
Investments in Transit	4,018,142	0
Other assets		
Cash	7,288,773	7,660,820
Contributions receivable	608,682	1,185,189
Revenue receivable	1,604,409	331,881
Other	71,626	239,209
TOTAL ASSETS	281,963,576	219,158,324
Less liabilities		
Expenditure payable	78,007	105,321
Benefits payable	1,428,707	1,818,429
Current income tax	1,417,649	2,106,917
Deferred income tax	3,026,250	713,265
TOTAL LIABILITIES	5,950,613	4,743,932
NET ASSETS	276,012,963	214,414,392

FEES AND OTHER COSTS

This PDS shows fees and other costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Fund assets as a whole.

Taxes and insurance costs are set out in other parts of the PDS and Benefit Summary. You should read all of the information about fees and costs because it is important to understand their impact on your investment.

NB: It is important to note that the investment returns shown in the annual report which forms part of this product disclosure statement are the net returns on your account i.e. these are the returns after all taxes, administration and investment fees and other fund expenses have been deducted.

Any tax benefits accruing to the Fund are passed on to members through reductions in amounts charged to your account or through the earning rates credited to your account in the Fund.

Most members of Combined Fund are **Group Account** members ie they joined the Fund through their employer.

Those who have left the service of that employer but wish to remain in the Fund transfer to a **Personal Benefit Account (PBA)**. The fee arrangements for PBA members whose new employer makes ongoing Superannuation Guarantee contributions (**SG Members**) are the same as the fees for **Group Account** members. A different fee applies for PBA members who do not receive ongoing Superannuation Guarantee contributions from an employer (**Non-SG Members**).

Those who retire and wish to commence an income stream transfer to an **Allocated or Growth Pension Account**.

If you join the Fund as the spouse of a Member, contributions and any rollovers will be credited to your **Spouse Account**.

The fee arrangements for each type of account are summarised on page 22. There are no fees or commissions paid by Combined Fund to advisers who may recommend the Fund for your superannuation investment.

The Administration costs shown below are deducted from your account quarterly.

The Investment Managers' fees are deducted by the managers before Unit Prices are declared each month.

Expense Recovery occurs by deduction from the assets of the Fund which relate to your Account and is reflected in the Unit Prices declared each month. Thus, the rate of return credited to your Account is declared after recovery of expenses.

Withdrawal Fees are only deducted from your account if you withdraw money in a lump sum from the Fund. The Withdrawal Fee does not apply to pension payments.

Type of Fee or Cost	Amount			
	Group Account Members	Personal Benefit Account Members	Allocated Pension Account Members	Spouse Account Members
Fees when your money moves in or out of the Fund				
Establishment fee The fee to open your account	Nil	Nil	Nil	Nil
Contribution fee The fee on each amount contributed to your account – either by you or your employer	Nil	Nil	Nil	Nil
Withdrawal fee The fee on each amount you withdraw from your account as a lump sum. This fee does not apply to pension payments.	\$67	\$67	\$67	\$67
Termination fee The fee to close your account	Nil	Nil	Nil	Nil
Management costs				
The Administration fees for managing your account Investment Managers' fees (ie. the amount you pay for specific investment options) are shown on the next page.	\$52 (\$1 per week)	Non-SG Members \$28.60 (\$0.55 per week) plus 0.075% of assets per quarter SG Members \$52 (\$1 per week)	Nil	\$28.60 (\$0.55 per week)
Expense Recovery				
Other expenses of operating the Fund which are not deducted from your account. For 2004, these equated to 0.556% pa of the total net assets of the Fund after allowing for expenses deducted from your account.	0.04633% per month	0.04633% per month	0.05883% per month	0.04633% per month
Additional service fees				
Investment switching fee The fee for changing investment options	Nil	Nil	Nil	Nil

The Trustee will not increase the Administration fees without telling you at least one month before any increase becomes effective.

The Expense Recovery and Investment Managers' Fees reflect the actual costs paid by the Fund and may change from time to time. If this happens, we will tell you in the next Annual Report.

In fact, the Fund's Expense Recovery has been reducing as the Fund grows. For example, the 2003 Expense Recovery was 0.565% for Group Account Members. For 2004, it was 0.556% – a reduction of almost 2%.

If the total balance in your Account in the Fund at any time is less than \$1000 and includes mandatory employer contributions, Government regulations limit the fees which can be deducted from your Account to the investment return credited to your Account. This protection does not apply to tax and insurance premiums nor does it apply to the Expense Recovery or Investment Manager fees.

Fees for Investment Options

The Fund's investment managers deduct asset fees from the investments that they manage. Those fees are deducted before the investment return is credited to the Fund by each manager:

• Australian Shares	0.69%
• International Shares	1.12%
• Ethical Shares	0.81%
• Property	0.84%
• Fixed Interest	0.97%
• Balanced	0.81%
• Capital Stable	0.78%
• Cash	0.25%

These fees will vary slightly depending on the proportion of assets invested with each investment manager.

TAXES

Tax File Numbers

Under current legislation, the Trustee is required to invite you to provide your Tax File Number (TFN). Your TFN may only be used by the Trustee for certain purposes and penalties apply should the Trustee misuse the information.

Choosing not to provide your TFN is not an offence but it may mean that you pay tax at the top marginal rate when your benefit is paid to you and you may also be subject to the superannuation surcharge.

Tax on contributions to a superannuation fund

The Fund must pay tax of 15% on deductible contributions. These are:

- Contributions your employer makes on your behalf; and
- Contributions paid from income on which tax has not been paid. This is usually contributions paid through a salary sacrifice arrangement with your employer.

No tax is payable on undeducted contributions you make to the Fund. These are contributions from income on which you have already paid tax (ie from after-tax income). There is also no tax on any Government co-contribution made on your behalf.

The Superannuation Surcharge

The Superannuation Surcharge is an extra tax on superannuation contributions which is aimed at high income earners. The Surcharge is based on Adjustable Taxable Income (ATI) which includes:

- all taxable income including your salary, investment income and any other earnings;
- employer superannuation contributions (including Salary Sacrifice); and
- any reportable fringe benefits.

For the year ending 30 June 2005, the Surcharge applies once your ATI reaches \$99,710. It is phased in from nil at \$99,710 to the full 12.5% surcharge applying at an ATI of \$121,075 and above (down from 14.5% in the previous financial year).

The Surcharge rate applies to all employer and salary sacrifice contributions paid on your behalf. Each year, the Tax Office advises both you and the Fund of the amount of surcharge (if any) to be deducted from your account.

If you are a Defined Benefit member, any surcharge which is payable for you will be advanced as a debt against your eventual benefit payment from the Fund. The amount of this Surcharge debt (if any) will be shown on your annual benefit statement.

Tax on investment earnings

Tax relating to investment earnings is paid by the Fund. The rate of tax payable by superannuation funds is usually no more than 15% but may be less due to the effect of taxation credits and rebates.

Tax on benefit payments

Before any benefit is paid to you from the Fund, the Trustee will arrange for the appropriate tax (if any) to be deducted as required by law.

The amount of tax payable on your benefit depends on several matters including:

- The type of benefit payable (lump sum or pension);
- Your age at the time the benefit is paid;
- Whether or not the benefit includes contributions from previous employers which you rolled-over to this fund.

Benefit Component	Age at date of lump sum payment	
	Under Age 55	55 and Over
Undeducted contributions and Government Co-contributions	Tax free	Tax free
Concessional component	5% is included in your taxable income and taxed at your marginal tax rate	5% is included in your taxable income and taxed at your marginal tax rate
CGT exempt component	Tax free	Tax free
Pre 1 July 1983 component	5% is included in your taxable income and taxed at your marginal tax rate	5% is included in your taxable income and taxed at your marginal tax rate
Post 30 June 1983 taxed element	20% tax	Up to \$123,808 – tax free. Balance – 15% tax
Post 30 June 1994 invalidity component	Tax free	Tax free
Excessive component	47% tax	47% tax

Notes:

- The Medicare levy will be added to whichever rate is applicable but not where the benefit is tax free.
- The \$123,808 threshold for the Post 30 June 1983 component is applicable for the 2004/2005 year. The threshold is indexed at 1 July each year.
- The concessional component represents bona fide redundancy, approved early retirement scheme and invalidity payments made prior to 1 July 1994.
- The Post 30 June 1994 invalidity component represents invalidity payments which meet certain criteria and were made on or after 1 July 1994.
- The Excessive component is the amount in excess of your Reasonable Benefit Limit (see below).
- The taxation may differ for temporary residents permanently departing Australia.

No tax is payable by you if you elect to roll-over your benefit to another superannuation fund, an approved deposit fund, retirement savings account or other approved superannuation institution. Payment of tax by you is deferred until such time as the benefit is paid to you in cash.

If you elect to take your benefit as a pension, the regular payments are taxed as income but undeducted contributions and Government Co-contributions are returned tax-free over the life of the pension and a 15% tax rebate will generally apply.

Reasonable Benefit Limit (RBL)

Government regulations limit the amount of superannuation benefit you may receive which is concessional tax.

The RBL is a fixed dollar amount which is increased each year in line with the growth of Average Weekly Ordinary Time Earnings. If you take your benefit as a lump sum before 1 July 2005, your RBL is \$619,223. An RBL of \$1,238,440 applies if at least 50% of your benefit is taken as a complying pension or annuity.

Higher transitional limits will apply depending if you were over age 45 at 1 July 1994.

Any benefit paid in excess of the RBL is taxed at 39.5%.

Whilst it is unlikely that your benefits in the Fund will exceed your RBL, you should check your position more closely as you approach retirement.

Spouse rebate

If your spouse's assessable income is less than \$10,800, an 18% tax offset is available to you on after-tax contributions you make to an account in your spouse's name up to \$3,000, with a maximum offset of \$540. The rebatable contribution limit reduces by \$1 for every \$1 by which your spouse's assessable income is above \$10,800, so that the offset cuts out completely when your spouse's assessable income reaches \$13,800. Reportable Fringe Benefits are included in the calculation of assessable income.

WHO LOOKS AFTER YOUR BENEFITS?

The Trustee of the Fund is responsible for all aspects of the Fund's operations. The Trustee Company, Combined Fund Pty Ltd (ACN 064 976 138) has equal numbers of member-representative and employer-representative directors and can also appoint an independent trustee director.

Election of Trustee Directors

To be a Trustee Director, you must first be nominated to the Member Representative Electoral College by your fellow members of the Fund or to the Employer Representative College by a Participating Employer in the Fund. You must also satisfy certain eligibility requirements.

Directors are elected by the members of their Member Representative and Employer Representative Colleges and serve a term of 3 years.

At the end of their 3-year term, the positions are declared vacant and a further election is held. Outgoing directors may be considered for re-election. A further election is also held if a casual vacancy arises.

Full details of election procedures may be obtained from the Fund's Inquiries Officer, Roy Freeman (see back page).

As at 31 December 2004, the following Directors' terms expired and all were re-elected for a further 3 years:

Member Representative

Brian Collins
Frank Reid

Employer Representative

Terry Wills Cooke
Doug Watson



Current Directors	Meetings Attended	Nominating Employer
John Evans (Chairman)	4/4	Caulfield Grammar School
Terry Wills Cooke (Dep. Ch.)	4/4	Christian College, Highton
Clovis Bonner	4/4	Overnewton Anglican Community College
Brian Collins*	4/4	Braemar College
Ted Collins*	4/4	Gippsland Grammar
Rob Daniel*	4/4	Caulfield Grammar School
Keith Doery (died 28/2/05)	4/4	The Geelong College
George Kogios*	4/4	Heathdale Christian College
Frank Reid*	4/4	Haileybury College
Richard Sait*	4/4	Taylor's College
Peter Trewin	4/4	Haileybury College
Doug Watson	4/4	Yarra Valley Grammar School

* Member Representatives

In addition to their duties as trustees of the Fund, each director serves on at least one of four committees. The fourth committee was formed during the year. In order to continue operating beyond 1 July 2006, superannuation funds must be granted a licence by the Australian Prudential Regulation Authority. This new committee is working towards lodgement of a licence application later this year.

Executive & Investment Committee		Finance & Audit Committee	
Terry Wills Cooke (Chairman)	6/6	Clovis Bonner (Chairman)	4/4
Brian Collins	6/6	Rob Daniel	4/4
Frank Reid	6/6	George Kogios	4/4
Doug Watson	6/6	Peter Trewin	3/4
John Evans	6/6	John Evans	2/4
Legal Committee		APRA Licensing Committee	
Keith Doery (Chairman)	3/3	Clovis Bonner (Chairman)	2/2
Ted Collins	3/3	Brian Collins	2/2
Richard Sait	3/3	Rob Daniel	1/2
John Evans	3/3	Keith Doery	2/2
		John Evans	1/2
		George Kogios	2/2
		Peter Trewin	2/2

Trustee Indemnity Insurance

As an added protection to Members, the Trustee has secured insurance to cover the Fund, the Trustee and the Directors of the Trustee against liability arising in the operation of the Fund.

The Fund Rules

The Trust Deed is the document which sets out the rules of the Fund. An amendment to the Trust Deed which recorded the change of name of the Fund to Combined Fund with effect from 5 December 2003 was executed on 25 February 2004.

A further amendment was made on 4 March 2005 to allow the Trustee to outsource existing lifetime pensions and also to provide Growth Pensions for retiring members.

OUTSOURCED SERVICES

Whilst the Trustee retains responsibility and liability for all aspects of the Fund's operations, it outsources some aspects of the Fund to certain specialist groups.

Administration

Group Benefits Pty Ltd

Audit

BDO

Investment Advice

Up to 31 December 2004:

Lindsay Cutler MEd, FIAA, FIA
(Mitchell & Co. Pty Ltd)

From 1 January 2005:

JANA Investment Advisers

Group Life and Disability Insurance

Tower Life

Legal Advice

Mark Cerché
(Allens Arthur Robinson)

Investment Management

Basis Capital Funds Management Ltd

Bank of Ireland Asset Management

Deutsche Asset Management Ltd

Glebe Asset Management

HSBC Asset Management

Investa Property Group

Lend Lease Real Estate Investments

Maple-Brown Abbott Ltd

Paradice Cooper Investors (Melbourne) Pty Ltd

Perennial Investment Partners Ltd

Platinum Asset Management

PM Capital Limited

UBS Global Asset Management Ltd



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Fund Secretary/Inquiries Officer
Roy Freeman

Manager Client Services
Jane Hargreaves

Fund Accountant
Peter Braun

Assistant Secretary
Craig Mason

Compliance Officer
Julie Guettler