

ANNUAL REPORT 2007 MEMBER BOOKLET



COMBINED FUND

A lifetime of Growth



Issued March 2008

The Product Disclosure Statement (PDS) for Combined Fund consists of the following documents:

PDS PART 1: ANNUAL REPORT TO 31 DECEMBER 2007 AND GENERAL MEMBER BOOKLET

PDS PART 2: BENEFIT SUMMARY FOR EACH EMPLOYER OR FUND DIVISION

This PDS is issued by Combined Fund Pty Ltd as Trustee of Combined Fund (see back cover for Contact details).
RSE Licence No. L0000376 Registration No. R1000405 Fund ABN 46 921 400 504



Supplementary Product Disclosure Statement

This is a Supplementary Product Disclosure Statement (SPDS) which supplements the Product Disclosure Statement (PDS) titled Annual Report 2007 which was issued in March 2008. The SPDS should be read together with the PDS.

On page 21, under the heading Unit Prices, the first 2 paragraphs at the top of the second column are deleted and replaced with:

“Investment switching requests received before the 16th of a month are processed using the unit price for the month prior. For example, a switching request received before 16 March will be processed using the unit price for February.

A switching request received on or after 16th of a month will be processed using the unit price for the current month. For example, a switching request received on or after 16 March will be processed using the unit price for March which will not be calculated until 15th April.”

On page 16, under the heading Conservative Option, in last line of the 2nd column delete 0.5% and replace with 0.11%.

Issued May 2008

MISSION STATEMENT

Combined Fund (formerly 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 almost 9500 Member Accounts spread over more than 150 Employers and assets of almost \$476 million as at 31 December 2007.

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 delivering 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.

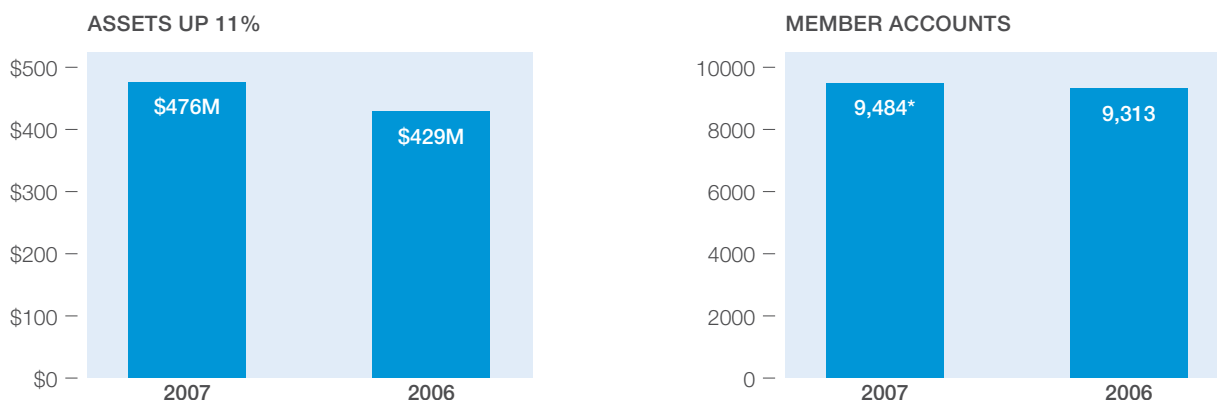
Information contained in this PDS may change from time to time. Unless the changed information is materially adverse to members, we may not always update or replace this PDS immediately to reflect the changed information.

Copies of any updated material will be posted on the Fund's website (www.combinedfund.com.au) and will be available at no cost by telephoning the Fund on (03) 9691 2900 or Toll Free 1800 200 801.

HIGHLIGHTS OF THE YEAR

FIGURES AS AT 31 DECEMBER 2007

Consistent, Manageable Growth



*More than 200 inactive members with very small account balances were transferred out of the Fund during the year. Under the Government's Member Protection regulations, the fees for such members would otherwise have to be subsidised by the other members of the Fund. See page 31 for more details.

2007 Earning Rates – see page 10 onwards for more details.

NB: These are the actual rates of return for 2007 ie. after tax and all fees have been deducted.

Investment Option	Group, Personal Benefit, Retained & Spouse Members	Pension Members**
	% Return	% Return
Australian Shares	16.83	18.59
International Shares	-0.64	-0.84
Property	20.40	22.94
Growth	6.48	7.04
Balanced	4.91	5.26
SRI Balanced	5.88	6.38
Capital Stable* (11 months)	-3.72	-4.44
Fixed Interest* (11 months)	-17.67	-20.29
Cash* (11 months)	4.46	5.09
Conservative* (1 month)	0.11	0.04
Interest (1 month)	0.49	0.57
Total Capital Stable* (11 months Capital Stable and 1 month Conservative)	-3.60	-4.40
Total Fixed Interest* (11 months Fixed Interest and 1 month Interest)	-17.29	-19.83
Total Cash* (11 months Cash and 1 month Interest)	5.02	5.73

Note: Past performance is not necessarily a guide to future performance.

*The Capital Stable, Fixed Interest and Cash Options were terminated on 30 November 2007. The Capital Stable Option was replaced on 1 December 2007 by the Conservative Option and the Fixed Interest and Cash Options were replaced by the Interest Option. Investments by members in the three terminated Options were automatically transferred to the new Options unless members requested an alternative investment split. See page 11 onwards for more details.

Returns shown above for the Capital Stable, Fixed Interest and Cash Options are therefore for 11 months only. Returns shown for the Conservative and Interest Options are for one month only.

Returns shown as "Total Capital Stable" are the total 12-month returns which apply for members in respect of their investment for 11 months in the Capital Stable Option and 1 month in the new Conservative Option.

Returns shown as "Total Fixed Interest" are the total 12-month returns which apply for members in respect of their investment for 11 months in the Fixed Interest Option and one month in the new Interest Option.

Returns shown as "Total Cash" are the total 12-month returns which apply for members in respect of their investment for 11 months in the Cash Option and one month in the new Interest Option.

**Investment earnings on Pension assets are exempt from tax. This means that the investment returns for our Pensioners are usually higher than the returns for our other members (but may not be in periods of negative returns).

CHAIRMAN'S REPORT

2007 – A year of two distinct halves

Following the Government's announcement of legislative changes to apply from July 2007, superannuation funds saw a significant inflow of contributions as members sought to take immediate advantage of the new relaxed rules.

Salary sacrifice and personal contributions increased dramatically in the run-up to 30 June 2007. Sharemarket and property markets were buoyant (even though the rising Australian dollar detracted from overseas market returns) and, on the surface, everything looked rosy.

However, mid-year, things changed. Troubles emerged in global credit markets, flowing from the sub-prime mortgage crisis in the USA.

In mid-July 2007, the world sharemarkets began to drop and, having reached a record high on 20 July, the Australian sharemarket plunged by 12% over the next few weeks to mid-August.

Nevertheless, on the back of US Government remedial action and the underlying strength of Australian companies, our sharemarket quickly recovered. By 24 September, the Australian sharemarket was back to the previous high and went on to set a series of new records, peaking on 1 November after increasing by almost 21% from the August low.

In spite of this, the US sub-prime crisis still had a long way to go and negative sentiment struck again in November and December 2007 with the Australian sharemarket dropping by almost 17% over those two months and the Listed Property market dropping by almost 13%.

Combined Fund's property investments are mostly in Unlisted (direct) Property and so, whilst the average return of superannuation funds from property for 2007 was a negative 5.2%, Combined Fund's return was a very healthy positive 20.4% (which rated us 2nd out of the 90 funds in the SelectingSuper survey of Property investment options of Australia's leading superannuation funds for the year).

After three years of very good overall returns for superannuation funds, much of the returns of the first half of 2007 were wiped out by the disappointing second half of the year. This volatility in global sharemarkets has continued through into 2008 as the full extent of the US sub-prime crisis has been revealed.

Investment managers generally seem to anticipate that there will be ongoing volatility in investment markets during 2008 but, increasingly, superannuation fund members are realising that market downturns provide opportunities to increase the purchasing power of their contributions. (See Unit Prices on page 21).

How good was the Australian sharemarket?

The Australian sharemarket had enjoyed an extended boom period since the low of March 2003 with returns of 11% for 2003, 22% for 2004, 16% for 2005 and 20% for 2006. Even with the ups and downs of the second half of 2007, our sharemarket was still up by 14% at the end of the year (based upon the growth of the All Ordinaries Index – a measure of 486 companies listed on the Australian Stock Exchange).

However, the performance of a handful of companies masked the fact that the share price of almost half (46%) of the 486 companies actually fell in 2007. In fact, without BHP and RIO Tinto, the Australian sharemarket would have had its worst year since 2001 (The Age Business section 22 December 2007).

Despite that, Combined Fund's Australian Shares Option produced a return of 16.8% after tax and all expenses for 2007 and was therefore in the top 25% of the 208 super fund share options ranked for the year by the SelectingSuper survey (reflecting the protective mechanisms built into the Australian Shares Option by the Combined Fund Trustee).



The US Sub-Prime Housing Crisis/Basis Capital

In recent months, it has become obvious that a significant number of highly regarded financial institutions have suffered due to varying levels of exposure to the write-down of value of the housing market in the US. Australian banks felt obliged to increase their home loan interest rates during January 2008 even though official interest rates had not increased, global sharemarkets tumbled and some massive international organisations had to write-off millions in investments. Citigroup alone wrote-off US \$18 billion in January 2008.

The current value of Basis Capital investments remains unclear at this stage. The Trustee has standing in the legal action commenced by Basis Capital in the Supreme Court of New South Wales to determine the status of certain investors in the Basis Capital Funds, including Combined Fund. The outcome of these proceedings may not be known for some time. See page 20 for more details.

Members invested in our Australian Shares, International Shares, Property, SRI, Cash, Conservative and Interest Options are not affected by the Basis Capital investments.

Those who were invested in the Growth, Balanced, Capital Stable and Fixed Interest Options as at June 2007 were affected to a varying extent with members in the Capital Stable and Fixed Interest Options being affected the most.

Despite this, our Balanced Option (in which around 90% of our members are invested) still returned 4.9% for 2007 and produced returns of 13.2%, 11.9% and 16.6% for the three prior calendar years (and an average annual return of 10.6% for the five years ended 31 December 2007).

The average return of the 210 superannuation fund Balanced Options in the SelectingSuper Survey for the year ended 31 December 2007 was 5.5%. Our Growth Option return was 6.5% compared to the 232-fund Growth Option average return of 7.4%.

An important point to also note here is that, for members who were invested in the Balanced and Growth Options at 30 June 2007, the gains made by the property component of those Options have effectively compensated for the losses from the investment in Basis Capital's Yield Fund (the value of which was written down to nil by the Fund Trustee in July 2007).

As already mentioned, for the year ended 31 December 2007, our Property Option returned a very healthy 20.4% compared to the average superannuation fund property return of negative 5.2% - a massive excess return of 25.6%!

Considering that 10% of the Growth Option and 12% of the Balanced Option were invested in the Property Option for that year, this equates to an excess return above the average super fund of 2.56% and 3% for these Options respectively (compared to the losses in those Options arising from the Basis Capital Yield Fund of around 2% and 2.5% respectively).

Going Against the Trend

Over the past three years, many of our larger competitors have increased their fees in response to the increasing complexity of superannuation management.

However, through careful management, Combined Fund's Trustee has managed to maintain the Administration Fee at \$1 per week deducted from members' Accounts. This fee has not changed since January 2005. Prior to that, it had been pegged at 95 cents per week for four years after dropping from \$1.50 per week. Even better, the Expense Recovery Fee which covers the remainder of the Fund's operating expenses was 37% lower for 2007 than it was two years ago.

Fees for Pension members and Personal Account members reduced in January 2005 and April 2006 respectively when they were brought into line with fees for all other members.

What's in store for 2008?

The former Federal Government introduced major changes to superannuation from 1 July 2007 including:

- removal of limits upon the amount of benefits which can be accumulated by fund members;
- removal of the tax on lump sum and pension payments for those aged 60 and over;
- allowing benefits to remain in the tax-friendly superannuation system until death;
- changes to the pension assets test so that more people are eligible for the Government Age Pension (from 20 September 2007).

The newly elected Labor Government has not indicated that it intends to change any of these arrangements and has announced that it will honour the former Government's commitment to further tax cuts from 1 July 2008. However, it will also consider anti-inflationary measures such as incentives to encourage members to salary sacrifice the tax cut to superannuation contributions rather than taking it as additional salary. More on this later in the year.

Best wishes for 2008.

J. R. EVANS
CHAIRMAN

HOW COMBINED FUND WORKS

Contributions

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 whether contributions can continue to be made.

We contact all members who are over age 65 (and their employers) to obtain updated employment details.

Contributions for You

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 arranged 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 or your employer do not permit Salary Sacrifice.

You may also make after-tax contributions directly to the Fund by cheque or by periodical deduction from a bank account.

A Government Co-contribution may be available in respect of your **after-tax** contributions (see Superannuation News for more details).

Contributions for your Spouse

Whether in the paid workforce or not, your spouse may join Combined Fund and contribute to the Fund. If your spouse works for an employer, that employer can contribute to the Fund too.

You may also make after-tax contributions to the Fund on behalf of your spouse. A tax rebate of 18% on up to \$3,000 of such contributions may be available. The maximum rebate of \$540 is available where your spouse's assessable income for a financial year (including reportable fringe benefits) is \$10,800 or less. The rebate reduces gradually to zero where your spouse's assessable income is \$13,800 or more. The Fund can also provide an insurance benefit in the event of your spouse's death or disablement.

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.

Under Contribution Splitting arrangements which commenced on 1 January 2006, you may also arrange for contributions which have been paid to your Account to be split with your spouse.

Member Investment Options

This Product Disclosure Statement describes the eight investment options available to you including:

- a history of returns;
- the investment strategy and objectives of each option;
- the investment managers for each option; and
- how investment switches can be made.

Investment Units

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

Unit prices for each month are calculated on or about 15th of the next month and are updated monthly on the Fund website. They are also advised in each newsletter and are available from the Fund Administrator upon request.

Accordingly, benefits shown on the website prior to 15th of each month are based upon the unit prices for two months prior. Benefits shown after the 15th of the month are based on the unit prices for the month prior. For example, unit prices for February 2008 are calculated by 15th March 2008 so, prior to 15th March 2008, benefits shown on the website are as at 31st January 2008. After 15th March 2008, benefits shown are to 29th February 2008. The calculation of unit prices at the Fund's year end (31 December) may take a little longer to be calculated.

The unit prices are shown net of investment fees and other fees and investment taxes ie they reflect the actual return for each investment option.

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

All contributions paid by you and on your behalf are credited to your Account within 1-3 days of receipt by the Fund (well within the 28-day limit set by the Government) subject to the Fund receiving supporting documentation.

Contributions received during a particular month are used to purchase units at the unit price declared for the previous month.

See page 21 for more information on unit prices and the impact of movements in investment markets.

Benefits Payable upon Leaving Service or Retirement

For most members of the Fund, the benefit payable upon leaving service or retirement is your total Account Balance. Your Account Balance will comprise some or all of the following:

- your contributions; plus
- contributions made by your spouse to your Account; plus
- employer contributions; plus
- government Co-contributions; plus (or minus)
- any amount transferred to (or from) your Account under contribution splitting arrangements; plus (or minus)
- transfers or roll-overs from (or to) other superannuation funds; plus (or minus)
- any amount transferred to (or from) your Account under a Family Law benefit split, together with investment earnings; less
- administration and insurance costs and Government taxes.

However, the Government restricts the payment of benefits to you **as a lump sum** as follows:

(1) Unrestricted Non-Preserved Benefits – can be taken as a cash lump sum at any time.

(2) Restricted Non-Preserved Benefits – cannot be taken as a cash lump sum until you leave the service of an employer which has contributed to the Fund on your behalf.

(3) Preserved Benefits – cannot be paid to you as a lump sum until:

- you attain age 65 (whether still working or not);
- you leave the service of a contributing employer at or after age 60 (whether or not you take up other employment);
- you retire from the workforce and have reached 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 AGES

The Preservation Ages set by the Government are:

For 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

Special Facilities for Members Who Leave Service or Retire or “Semi-Retire”

To enable members to use Combined Fund as their “lifetime” fund, we provide the following facilities:

(1) ACCUMULATION PHASE – RETAINED MEMBER ACCOUNT

Members who leave the service of an employer after 1 January 2006 are automatically transferred to a Retained Member 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.

Note: Unless you advise us otherwise, your investment choice and your insurance cover at the date of leaving service will be maintained (subject to work tests for disability cover). Further details will be provided when you leave service.

(2) TRANSITION TO RETIREMENT PHASE – PART PENSION ACCOUNT

Members who have attained age 55 but who are still working now have access to their superannuation benefits – as long as they are paid as an income under the Government’s pension rules. By transferring most of your superannuation savings to a separate pension account:

- any investment income earned on that account is free from tax;
- the minimum amount of total pension payments which you must draw from the account each year is set by the Government and is based on your age and Pension Account Balance. A maximum of 10% of your Pension Account Balance may be withdrawn in any financial year;

HOW COMBINED FUND WORKS cont.

- you **cannot** make lump sum withdrawals in addition to your pension payments;
- there may be some tax payable on these pension payments prior to age 60 (see the Taxation Section of this report).

Ongoing employer and personal contributions can continue to be paid to your separate accumulation account in Combined Fund.

(3) RETIREMENT PHASE – FULL PENSION ACCOUNT

Members who retire after age 55 can transfer to a Retired Person's Pension Account in their own name within Combined Fund. In this Account:

- any investment income earned on that account is free from tax;
- the minimum amount of total pension payments which you must draw from the account each year is set by the Government and is based on your age and Pension Account Balance but the 10% maximum does not apply;
- you may make lump sum withdrawals in addition to your pension payments;
- there may be some tax payable on these pension payments prior to age 60.

See the separate Pension Benefit Summary for more details. The Summary is available by calling 1800 200 801 (toll free) or it can be downloaded from the Fund website at www.combinedfund.com.au

Death Benefits

In the event of your death, your Account Balance is payable. However, an insurance benefit may also be payable (refer to your Benefit Summary and your Benefit Statement for details of any insurance cover).

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 a Death Benefit Distribution form which is provided when you join the Fund.

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. A Death Benefit Distribution Form may be obtained from the Fund Administrator or downloaded from the Fund website.

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.

Restricted disablement insurance benefits are generally available for Members who are not in the paid workforce or who work less than 15 hours per week.

(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.

Payment of the monthly income benefit is subject to acceptance of your claim by the Fund insurer.

The benefit payable is 75% of your salary at the 1 January preceding your disability and is payable by monthly instalments in arrears. The benefit payments cease at the end of either 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 but excluding sick leave.

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 an 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. In most cases, 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 as well.

(2) LUMP SUM TOTAL AND PERMANENT DISABLEMENT BENEFIT

For most members, 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, if you were working less than 15 hours a week in the six months prior to becoming disabled, total and permanent disablement insurance is payable if:

- you have been absent from work due to illness or injury for six consecutive months; and
- you are totally and permanently unable to perform at least two of the following “**Activities of Daily Living**” without the physical assistance of another person:
 - shower and bathe;
 - put on and take off clothing;
 - get food from a plate into the mouth;
 - get on and off, and use the toilet;
 - get in and out of bed and a chair.

A further definition of total and permanent disablement which is specifically related to home duties may apply to those engaged full time in unpaid domestic duties at the time of the disablement.

Payment of any **insured** benefit for total and permanent disablement is subject to acceptance of your claim by the Fund insurer.

However, the total and permanent disablement 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: These definitions should be used as a guide only. The full definitions are contained in the Fund’s Trust Deed and Group Insurance Policy).

HOW COMBINED FUND WORKS cont.

Evidence of Good Health

If it is necessary for you to be medically examined or provide other evidence of good health before insurance cover is granted, 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 subsequently offer insurance on standard terms.

Insurance cover may not be provided until you have submitted an application to join the Fund.

Insurance After You Leave Service

If you leave the service of your employer, you will automatically be transferred to a Retained Member Account and the insurance cover already secured for you at the date of leaving service will be maintained (subject to a work test for disability cover). Premiums will continue to be deducted from your Account.

If, after leaving service of your employer, you are working less than 20 hours per week or are employed on a casual basis, any salary continuance cover will cease.

If you are working less than 15 hours per week then, whilst Total and Permanent Disablement insurance cover will be maintained, the definition of disablement will be the "Activities of Daily Living" definition as shown above. A separate definition of disablement which is specifically related to home duties may apply if you are engaged full time in unpaid domestic duties at the time of disablement.

If you leave Australia to reside overseas, your insurance cover may not be maintained unless you notify us in writing prior to leaving.

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

Insurance if you Transfer to Another Fund

If you transfer your total accumulated benefits out of Combined Fund to another superannuation fund, all insurance cover provided by Combined Fund will cease.

If you transfer some of your accumulated benefits to another fund (subject to maintaining a minimum Account Balance of \$5000), all insurance cover provided by Combined Fund will cease unless you request otherwise in writing.

Insurance if you are on Unpaid Leave

The Fund generally provides twenty-four hour, worldwide cover for insured members.

However, there are some restrictions on cover for those on extended leave without pay and those who travel or work overseas for extended periods.

The restrictions applying to members of Combined Fund are summarised below:

- **Leave Without Pay**

For Fund members on leave without pay (including periods of unpaid maternity or paternity leave), your existing cover will be maintained for up to fourteen months.

Thereafter, cover will be maintained for a further ten months and the Activities of Daily Living or Home Duties definitions will apply to any Total and Permanent Disablement insurance you may have.

- **Travelling (But Not Working) Overseas**

For Fund members on paid leave, existing cover will be maintained whilst in Australia.

For members on paid leave who travel overseas for more than 3 months, your existing cover will be maintained for up to 12 months provided prior notification has been given to the Fund Administrator and the insurer has given its written approval.

- **Working Overseas**

For Fund members who are Australian residents working overseas, your existing cover will be maintained for up to three months and can generally be maintained for up to three years (two years for salary continuance insurance).

However, the insurer's prior written consent is still required if employment overseas exceeds three months.

Cover may also be maintained for non-residents working overseas subject to prior written approval from the insurer.

Notes: Whilst most overseas destinations will be automatically approved, some may require more consideration by the insurer.

If you leave the service of your employer whilst on approved extended leave, your insured benefits can still be maintained in the Fund. However, all insurance cover ceases immediately you transfer your total Account Balance out of Combined Fund.

FUND INVESTMENTS

Since January 1999, Combined Fund has offered members **Investment Choice** (not to be confused with Choice of Fund which took effect from 1 July 2005).

You can now select one or any combination of four sector and four diversified options for the investment of your Account Balance:

Sector Options

- Australian Shares
 - International Shares
 - Property
- } *commonly known as Growth Assets*
- Interest
- } *commonly known as a Defensive Asset*

Diversified Options

- Growth (80/20)
- Balanced (70/30) – the Default Option if you do not make an investment choice
- Sustainable Responsible Investment (SRI) Balanced (74/26)
- Conservative (30/70)

The figures shown in brackets above represent the benchmark allocations of these diversified options to Growth and Defensive assets. For example, 70/30 means that, if you invest in the Balanced Option, around 70% of your investment will be in Growth assets (mainly shares and property) and around 30% will be in Defensive assets (fixed interest, cash and absolute return investment funds).

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

The Trustee has determined that the assets of Combined Fund will be invested in collective investment funds managed by professional, external investment managers.

The selection of investment managers for the Fund is made by an extensive search process based upon independent professional advice. From 1 January 2005 to 30 November 2007, investment advice to the Trustee was provided by JANA Investment Advisers. Following a comprehensive tendering process, the Counterpoint Group was appointed to provide investment advice from 1 December 2007.

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 rates of return ie after tax and all fees have been deducted.** Bear in mind that higher returns generally mean higher risk and volatility (variations between returns each year) and that past returns should not be seen as indicative of what may be achieved in the future.

For Pensioners, returns are shown separately. The Fund is exempt from tax on investments made for Pensioners so higher returns usually apply (but may not in years of negative returns).

For the purposes of this report, the following terms are defined below:

- Alternative Investments is a term used to collectively describe a range of investments including Absolute Return investments, Credit opportunities and Hybrids.
- Absolute Return investments are generally used as a defensive mechanism to offset the impact of market downturns. Whilst Fixed Interest and Cash investments have traditionally been used as defensive mechanisms, Fixed Interest can suffer periods of negative returns – particularly when interest rates are rising.
- A further defensive alternative is to use an investment strategy that aims to generate returns in both rising and falling investment markets. Absolute Return funds are investment funds whose **objective** is to achieve an absolute or fixed return target rather than the usual target of outperforming a recognised benchmark index.
- Credit opportunities describes investments in credit securities such as bank loans, high yield credit securities and private debt. This type of security is expected to generate higher levels of return but with more volatility than traditional fixed interest securities.
- Hybrids are securities used by companies listed on the Australian Stock Exchange to raise money. Hybrid securities pay a predictable rate of return or dividend until a certain date (eg convertible preference shares) or in perpetuity.
- Infrastructure investments are investments in essential services such as toll roads, airports, electricity, gas and water. They can also include investments in healthcare and education facilities, public housing, prisons etc.

A copy of the Fund's Investment Policy and Process detailing the Fund's investment strategy and objectives may be obtained from the Fund Administrator (see back cover for Contact details).

FUND INVESTMENTS cont.

Australian Shares Option

The Australian Shares Option seeks to provide an investment return which exceeds the changes in the Consumer Price Index (CPI) by 5% per annum over rolling 5-year periods.

STRATEGY

Assets held in this Option are invested in a range of Australian share investment trusts.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 4 years.

There have been eight negative return years in the last 30 years.¹

INVESTMENT MANAGERS

Acadian Asset Management

Cooper Investors

INVESCO Australia

Legg Mason

PM Capital

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

	CPI %	Return %
2007	3.0	16.8
2006	3.3	20.9
2005	2.8	16.6
2004	2.6	27.7
2003	2.4	12.4
5-Year Compound Average	2.8	18.8
3-Year Compound Average	3.0	18.1

International Shares Option

The International Shares Option seeks to provide an investment return which exceeds CPI changes by 5% per annum over rolling 5-year periods.

STRATEGY

Assets held in this Option are invested in a range of International share investment trusts.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 4 years.

There have been four negative return years in the last 30 years.¹

INVESTMENT MANAGERS

Acadian Asset Management

Alliance Bernstein Investment Management

Cooper Investors

MFS Investment Management (the International share manager, not the Australian property manager).

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

	CPI %	Return %
2007	3.0	-0.6
2006	3.3	11.5
2005	2.8	13.8
2004	2.6	7.1
2003	2.4	4.2
5-Year Compound Average	2.8	7.1
3-Year Compound Average	3.0	8.0

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1999 adjusted using estimates of tax and expenses and using actual returns since December 1999.

Note: Past performance is not necessarily a guide to future performance.

Property Option

The Property Option seeks to provide an investment return which exceeds CPI changes by 3% per annum over rolling 3-year periods.

STRATEGY

Assets held in this Option are mainly invested in Unlisted Property Trusts with some Listed Property investment added in 2007.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 6 years.

There have been four negative return years in the last 30 years.¹

INVESTMENT MANAGERS

Investa Property Group
Lend Lease Real Estate Investments
SG Hiscock and Company

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

	CPI %	Return %
2007	3.0	20.4
2006	3.3	14.5
2005	2.8	8.8
2004	2.6	15.6
2003	2.4	3.3
5-Year Compound Average	2.8	12.3
3-Year Compound Average	3.0	14.5

Fixed Interest Option

(terminated 30 November 2007)

The Fixed Interest Option sought to provide an investment return which exceeded CPI changes by 2% per annum over rolling 3-year periods.

STRATEGY

Assets held in this Option were invested in a diversified mix of Australian and International fixed interest investment trusts and other credit and debt-related investments.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 8 years.

There have been three negative return years in the last 30 years.¹

INVESTMENT MANAGERS

At the date of closure of this Option, the investment managers were:

Basis Capital Funds Management
Perennial Investment Partners

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

	CPI %	Return %
2007	3.0	-17.3
2006	3.3	6.5
2005	2.8	6.5
2004	2.6	5.6
2003	2.4	4.0
5-Year Compound Average	2.8	0.6
3-Year Compound Average	3.0	-2.1

The 2007 return includes the 11-month return for the Fixed Interest Option and the one-month return for the Interest Option.

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1999 adjusted using estimates of tax and expenses and using actual returns since December 1999.

Note: Past performance is not necessarily a guide to future performance.

FUND INVESTMENTS cont.

Cash Option

(terminated 30 November 2007)

The Cash Option sought to provide an investment return which exceeded CPI changes over rolling 3-year periods.

STRATEGY

Assets held in this Option were invested in Cash and Cash Enhanced Managed Funds.

The Australian Securities and Investments Commission website notes that the risk of a negative return from this type of investment is negligible.

There have been no negative returns in the last 30 years.¹

INVESTMENT MANAGERS

At the date of closure of this Option, the investment managers were:

Perennial Investment Partners
Westpac Banking Corporation

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

	CPI %	Return %
2007	3.0	5.0
2006	3.3	5.0
2005	2.8	4.4
2004	2.6	4.7
2003	2.4	3.8
5-Year Compound Average	2.8	4.6
3-Year Compound Average	3.0	4.8

The 2007 return includes the 11-month return for the Cash Option and the one-month return for the Interest Option.

Interest Option

(commenced 1 December 2007)

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

STRATEGY

Assets held in this Option are predominantly (90% or more) invested in Fixed Term Deposits with the four major Australian banks. Up to 10% may be invested in cash deposits with those banks.

The Australian Securities and Investments Commission website notes that the risk of a negative return from this type of investment is negligible.

There have been no negative returns in the last 30 years.¹

The return for the one month of operation of this Option to 31 December 2007 was 0.49%.

INVESTMENT MANAGERS

Investments will be made only with Australia's four major banks.

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1999 adjusted using estimates of tax and expenses and using actual returns since December 1999.

Note: Past performance is not necessarily a guide to future performance.

Growth Option

(commenced 1 July 2005)

The Growth Option seeks to provide an investment return which exceeds CPI changes by 4% over rolling 5-year periods.

STRATEGY

This Option is invested in a cross section of diversified assets with an emphasis on growth over the medium term.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 6 years.

There have been three negative return years in the last 30 years.¹

INVESTMENT MANAGERS

The Growth Option is invested with all of the managers used for the Australian Shares, International Shares and Property Options and with Fixed Interest, Infrastructure and Alternative Investments managers.

The Benchmark Asset Allocation for the Growth Option and the ranges within which this Option would normally be invested are (with effect from 1 January 2008):

Benchmark		Investment Ranges
35%	Australian Shares	25-50%
20%	International Shares	15-35%
15%	Property	0-20%
10%	Infrastructure	0-15%
80%	Growth assets	
10%	Alternatives*	0-20%
10%	Diversified Fixed Interest and Cash	0-20%
20%	Defensive assets	

* Alternative Investments include Absolute Return funds, Credit opportunities and Hybrids.

The actual asset allocations for both 2007 and 2006 were:

	%
Australian Shares	42
International Shares	28
Property	10
Fixed Interest	10
Absolute Return	10
Cash	0

The performance history of this Growth Option since 1 July 2005 has been:

	CPI %	Return %
2007	3.0	6.5
2006	3.3	15.1
2005 (six months)	1.5	11.0
2½-Year Compound Average	3.1	13.1

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1999 adjusted using estimates of tax and expenses and using actual returns since December 1999.

Note: Past performance is not necessarily a guide to future performance.

FUND INVESTMENTS cont.

Balanced Option

(The Default Option if you do not make an investment choice)

The Balanced Option seeks to provide an investment return which exceeds CPI changes by 3% per annum over rolling 3-year periods.

STRATEGY

This Option is invested in a cross-section of diversified assets with an emphasis on growth over the medium term and reduced risk.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 7 years.

There have been three negative return years in the last 30 years.¹

INVESTMENT MANAGERS

The Balanced Option is invested with all of the managers used for the Australian Shares, International Shares and Property Options and with Fixed Interest, Infrastructure and Alternative Investments managers.

The Benchmark Asset Allocation for the Balanced Option and the ranges within which this Option would normally be invested are (with effect from 1 January 2008):

Benchmark		Investment Ranges
30%	Australian Shares	20-40%
20%	International Shares	10-30%
15%	Property	2-20%
5%	Infrastructure	0-10%
70%	Growth assets	
10%	Alternatives	0-20%
20%	Diversified Fixed Interest and Cash	0-30%
30%	Defensive assets	

The actual asset allocations for at 31 December 2007 and 2006 were:

	2007 %	2006 %
Australian Shares	34	33
International Shares	26	24
Property	13	11
Fixed Interest	6	14
Absolute Return	9	9
Cash	12	9

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

	CPI %	Return %
2007	3.0	4.9
2006	3.3	13.2
2005	2.8	11.9
2004	2.6	16.6
2003	2.4	6.6
5-Year Compound Average	2.8	10.6
3-Year Compound Average	3.0	9.9

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1999 adjusted using estimates of tax and expenses and using actual returns since December 1999.

Note: Past performance is not necessarily a guide to future performance.

Capital Stable Option (terminated 30 November 2007)

The Capital Stable Option sought to provide an investment return which exceeded CPI changes by 2% per annum over rolling 3-year periods.

STRATEGY

This Option was invested in a cross-section of diversified assets with an emphasis on security of capital.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 10 years.

There have been two negative return years in the last 30 years.¹

INVESTMENT MANAGERS

The Capital Stable Option was invested with all of the managers used for the Australian and International Shares, Property and Fixed Interest Options.

The Benchmark Asset Allocation for the Capital Stable Option and the ranges within which this Option could be invested were:

Benchmark		Investment Ranges
15%	Australian Shares	5-25%
8%	International Shares	0-18%
7%	Property	2-12%
30%	Growth assets	
50%	Fixed Interest	30-70%
20%	Cash	10-40%
70%	Defensive assets	

The actual asset allocation was maintained in line with the Benchmark.

The performance history of this Capital Stable Option for the last five calendar years was:

	CPI %	Return %
2007	3.0	-3.6
2006	3.3	9.3
2005	2.8	8.3
2004	2.6	9.5
2003	2.4	5.2
5-Year Compound Average	2.8	5.6
3-Year Compound Average	3.0	4.5

The 2007 return includes the 11-month return for the Capital Stable Option and the one-month return for the Conservative Option.

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1999 adjusted using estimates of tax and expenses and using actual returns since December 1999.

Note: Past performance is not necessarily a guide to future performance.

FUND INVESTMENTS cont.

Conservative Option

(commenced 1 December 2007)

The Conservative Option seeks to provide an investment return which exceeds CPI changes by 2% per annum over rolling 3-year periods.

STRATEGY

This Option is invested in a cross-section of diversified assets with an emphasis on security of capital.

The Australian Securities and Investments Commission website notes that a negative annual return from this type of investment option is not expected more frequently than once in every 10 years.

There have been no negative returns in the last 30 years.¹

INVESTMENT MANAGERS

The Conservative Option is invested with all of the managers used for the Australian Shares, International Shares, Property and Interest Options.

The Benchmark Asset Allocation for the Conservative Option and the ranges within which this Option can be invested are:

Benchmark		Investment Ranges
15%	Australian Shares	5-25%
8%	International Shares	0-20%
7%	Property	0-10%
30%	Growth assets	
70%	Interest	60-80%
70%	Defensive assets	

The actual asset allocation has been maintained in line with the Benchmark. The return for the one month of operation of this Option to 31 December 2007 was 0.5%.

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1999 adjusted using estimates of tax and expenses and using actual returns since December 1999.

Note: Past performance is not necessarily a guide to future performance.

Sustainable Responsible Investment (SRI) Balanced Option

(formerly the Ethical Shares Option)

The SRI Balanced Option seeks to provide an investment return which exceeds CPI changes by 3% per annum over rolling 3-year periods.

STRATEGY

This Option invests in a cross-section of diversified assets with an emphasis on growth from sustainable responsible investments over the medium term and reduced risk. We expect that the probability of a negative return from this Option will be similar to that of Combined Fund's Balanced Option. (See page 14 of this Product Disclosure Statement).

INVESTMENT MANAGERS

The SRI Balanced Option is invested with investment managers who consider social and environmental factors when making investments and can involve avoiding industries considered to be the least socially and environmentally sustainable such as tobacco and gambling.

AMP's Responsible Investment Leaders Balanced Fund is used for the time being but the Trustee may also appoint other managers at any time.

The Benchmark Asset Allocation for the SRI Balanced Option and the ranges within which this Option would normally be invested are (with effect from 1 February 2008):

Benchmark		Investment Ranges
38%	Australian Shares	35-41%
22%	International Shares	11-33%
5%	Aust. Listed Property	2-8%
3%	Int'l. Listed Property	0-6%
5%	Direct Property	2-8%
1%	Alternatives	0-4%
74%	Growth assets	
18%	Aust. Fixed Int.	15-21%
5%	Int'l Fixed Int.	2-8%
3%	Cash	0-6%
26%	Defensive assets	

The actual asset allocations for 2007 and 2006 were:

	2007 %	2006 %
Australian Shares	39.4	40.3
International Shares	20.7	20.2
Aust. Listed Property	5.6	6.4
Int'l Listed Property	3.1	3.4
Direct Property	5.6	3.7
Aust. Fixed Interest	17.5	17.1
Int'l Fixed Interest	4.8	4.7
Cash	3.3	4.2

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

	CPI %	Return %
2007	3.0	5.9
2006	3.3	14.7
2005	2.8	15.6
2004	2.6	17.6
2003	2.4	6.1

Note: Prior to 1 April 2006, the SRI Balanced Option was known as the Ethical Shares Option and was invested 100% in Australian and International Shares. Accordingly, showing 3 and 5-year average returns would be misleading when this Option has been managed on a Balanced basis since April 2006.

FUND INVESTMENTS cont.

Absolute Return Investments

Since 2003 and 2005 respectively, the Balanced and Growth Options have included investments in Absolute Return funds (see page 9 for more details).

INVESTMENT MANAGERS

Basis Capital Funds Management
State Street Global Advisers
Warakirri Asset Management

Infrastructure Investments

Since January 2008, the Balanced and Growth Options have included an investment in an Infrastructure Fund as a means of further enhancing returns over the long term – see page 9 for more details.

INVESTMENT MANAGER

ANZ's Diversified Infrastructure Trust is used for the time being but the Trustee may also appoint other managers at any time for its Infrastructure investments.

Pension Investment Returns

Investment earnings for the Pension division of Combined Fund are exempt from tax. This means that the investment returns for our Pensioners are usually higher than the returns for our other members (but may not be in periods of negative returns).

Note: The Fixed Interest, Cash and Capital Stable Options were terminated on 30 November 2007. The Conservative and Interest Options commenced on 1 December 2007 so the 2007 returns are shown for one month only.

Members' investments in the Capital Stable Option at 30 November 2007 were automatically transferred to the new Conservative Option at 1 December 2007 unless an alternative investment option was chosen. Investments in the Fixed Interest and Cash Options at 30 November 2007 were automatically transferred to the new Interest Option at 1 December 2007 unless an alternative investment option was chosen.

Accordingly, the 2007 return shown below for Fixed Interest is the total 12-month return which applies for members in respect of their investment for 11 months in the Fixed Interest Option and one month in the new Interest Option.

The 2007 return shown for Cash is the total 12-month return which applies for members in respect of their investment for 11 months in the Cash Option and one month in the new Interest Option.

The 2007 return shown for Capital Stable is the total 12-month return which applies for members in respect of their investment for 11 months in the Capital Stable Option and one month in the new Conservative Option.

All average returns shown below are Compound Averages.

Australian Shares	CPI %	Return %
2007	3.0	18.6
2006	3.3	23.3
2005	2.8	18.0
2004	2.6	30.0
2003	2.4	13.8
5-Year Average	2.8	20.6
3-Year Average	3.0	19.9

International Shares	CPI %	Return %
2007	3.0	-0.8
2006	3.3	13.0
2005	2.8	15.0
2004	2.6	7.3
2003	2.4	3.2
5-Year Average	2.8	7.4
3-Year Average	3.0	8.8

Property	CPI %	Return %
2007	3.0	22.9
2006	3.3	16.4
2005	2.8	9.3
2004	2.6	16.9
2003	2.4	3.4
5-Year Average	2.8	13.6
3-Year Average	3.0	16.1

Note: Past performance is not necessarily a guide to future performance.

Fixed Interest	CPI %	Return %
2007	3.0	-19.8
2006	3.3	7.5
2005	2.8	7.1
2004	2.6	5.7
2003	2.4	4.1
5-Year Average	2.8	0.3
3-Year Average	3.0	-2.6

Balanced	CPI %	Return %
2007	3.0	5.3
2006	3.3	15.0
2005	2.8	12.9
2004	2.6	17.3
2003	2.4	8.0
5-Year Average	2.8	11.6
3-Year Average	3.0	11.0

Cash	CPI %	Return %
2007 (11 months)	3.0	5.7
2006	3.3	5.8
2005	2.8	4.7
2004	2.6	4.8
2003	2.4	4.1
5-Year Average	2.8	5.0
3-Year Average	3.0	5.4

Capital Stable	CPI %	Return %
2007	3.0	-4.4
2006	3.3	10.6
2005	2.8	9.0
2004	2.6	10.1
2003	2.4	5.4
5-Year Average	2.8	6.0
3-Year Average	3.0	4.8

Interest	CPI %	Return %
2007 (1 month)	N/A	0.6

Conservative	CPI %	Return %
2007 (1 month)	N/A	0.04

Growth	CPI %	Return %
2007	3.0	7.0
2006	3.3	17.0
6-month return	2.8	4.7
1/7/05-31/12/05	1.5	12.1
2½-Year Average	3.1	14.5

SRI Balanced*	CPI %	Return %
2007	3.0	6.4
2006	3.3	16.4
2005	2.8	16.7
2004	2.6	19.0
2003	2.4	5.9

* Prior to 1 April 2006, the SRI Balanced Option was known as the Ethical Shares Option and was invested 100% in Australian and International Shares. Accordingly, showing 3 and 5-year average returns would be misleading when this Option has been managed on a Balanced basis since April 2006.

Note: Past performance is not necessarily a guide to future performance.

FUND INVESTMENTS cont.

Investment Management

At least once a year but, generally more frequently, 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.

During the year, several changes were made to the Fund's investment arrangements:

- the investment with the UBS Credit Enhanced Cash Fund was redeemed in February 2007 (Fixed Interest Option);
- new investments were made in March 2007 with the EQT SGH Professional Investor Listed Property Trust (Property Option) and the Perennial Cash Enhanced Trust (Cash and Fixed Interest Options);
- further new investments were made in July 2007 with the Legg Mason Australian Value Equity Trust (Australian Shares Option) and the Acadian Wholesale Global Equities Long Short Fund and Cooper Investors Global Equities Fund (International Shares Option);
- term deposits were established with Westpac Bank in December 2007 (Interest Option);
- investments with the BIAM (Bank of Ireland) International Shares Fund and the Platinum International Shares Fund (International Shares Option) and the UBS Australian Shares Fund (Australian Shares Option) were redeemed in July 2007;
- in June 2007, the Trustee was unable to obtain statements from Basis Capital showing the value of investments in its investment funds. Accordingly, small write-downs were made in June. In July 2007, the Trustee determined that, due to the ongoing uncertainty of valuation of its investment in the Basis Capital Yield Fund, a nil valuation would have to be assumed. This allowed the Trustee to properly determine returns and calculate benefits equitably for affected members (ie those with investments in the Growth, Balanced, Capital Stable and Fixed Interest Options).

Similar write-downs of the Fund's investment in the Basis Capital Aust-Rim Opportunity Fund (affecting members in the Growth and Balanced Options) were made during 2007 totalling 46% of the value of the investment in that Fund.

These write-downs were all reflected in the returns shown in this report for the Growth, Balanced, Capital Stable and Fixed Interest Options.

The Basis Capital investments had no impact upon the Australian Shares, International Shares, Property, Cash, Conservative, Interest or SRI Balanced Options.

The Trustee has standing in a legal action commenced by Basis Capital which may enable the Trustee to recover some moneys invested with Basis Capital. Any recoveries will be passed on to affected members (ie those who were invested in the Growth, Balanced, Capital Stable and Fixed Interest Options at 30 June 2007).

- In January 2008, a new investment was made with the ANZ Diversified Infrastructure Fund (Balanced and Growth Options).

Investments Exceeding 5% of Fund Assets

The Trustee of the Fund is required to disclose any individual investments or the total investments with any one organisation 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 2007:

Investment Fund	% of Total Assets
Acadian Wholesale Australian and Global Equities Funds	10.7
Alliance Bernstein Global Style Trust	6.6
Cooper Investors Australian Equities and Global Equities Funds	23.9
Investa Commercial Property Fund	7.0
Lend Lease Prime Property Funds	5.5
MFS Fully Hedged Global Equity Trust	8.1
Perennial Diversified Fixed Interest and Cash Enhanced Trusts	5.8
PM Capital Australian Opportunities Fund	5.1
Westpac Bank Term Deposits and Cash Management Account	11.0

The Trustee has determined that, wherever possible, no less than 5% of total Fund assets should be invested with any one manager. However, from time to time, smaller amounts may be invested.

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 held in your Account at the start of each year will be credited (or debited) at the end of that year with the return for the full year.

Subsequent contributions and rollovers will each have different returns based upon the applicable 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 downturns can produce better returns because they are purchasing units at a time when unit prices have dropped ie you can purchase more units during periods of downturn than you would when the investment markets are performing better.

For example, if the unit price for a chosen investment option at the start of a year is \$1.46 and, by the end of the year, it has grown to \$1.58 (an increase of 8.2%), then the money you had in your Account at 1 January 2007 has returned 8.2% for that year. However, if during that year, there had been a downturn in the investment markets and the unit price for the investment option dropped to \$1.36, a contribution paid into your Account at that time would achieve a return of 16.2% (based on the 16.2% growth in the unit price from \$1.36 during the downturn up to \$1.58 by the end of that year).

Thus – if contributions are paid to your Account each month, your Account will have one return for the whole year on your Account Balance at the start of the year and 12 different returns for each contribution depending upon the applicable unit price at the time each contribution is received.

Contributions and transfers from other funds which are received during a month will purchase units in your chosen investment option(s) at the unit price for the previous month. For example, a contribution received in March will purchase units based on the February unit prices.

Benefit payments are calculated using the latest unit price at the date of payment.

Investment switching requests received before 16th of a month are processed using the unit price for two months prior. For example, a switching request received before 16 March will be processed using the unit price for January (the February unit price will not be calculated until 15 March).

A switching request received on or after 16th of a month will be processed using the unit price for the previous month. For example, a switching request received on or after 16 March will be processed using the unit price for February.

See page 4 of this report for more information on the calculation of unit prices.

Sustainable Responsible Investments (SRI) 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.

At present, only one investment manager has been appointed for Combined Fund's SRI Balanced Option but other managers may be appointed in the future.

The current manager of the SRI Balanced Option, AMP Capital, invests the Responsible Investment Leaders Balanced Fund using its own multi-manager strategy.

In selecting these managers, consideration and assessment is made from a financial, governance, social and environmental perspective. From a social and environmental perspective, AMP Capital seeks out managers that are identifying leaders across industries, in their responsible approach to the following SRI issues:

- Environmental considerations – including energy and resource use and product stewardship (for example, where a company takes into account the life cycle of the product, from manufacture to the extent to which the product can be recycled);
- Social considerations – including indigenous relations and community involvement;
- Ethical considerations – including meeting fundamental human rights, and articulating and implementing a Code of Conduct;
- Labour standards – including Occupational Health and Safety, International Labour Organisation standards, working conditions and the exclusion of child labour;
- Governance considerations – including meeting corporate governance guidelines on board structures and remuneration. Additionally, investment managers and funds will also be well regarded if they actively participate in corporate engagement and governance initiatives.

FUND INVESTMENTS cont.

Combined Fund is one of only 5 superannuation funds in Australia to have been certified by the Responsible Investment Association Australasia (RIAA) under their Certification Program in the category of Superannuation Fund.



Managers are also required to avoid companies operating within sectors with recognised high negative social impact. This means that investments will avoid exposure, either directly or indirectly through underlying managers and funds, to companies with material exposure to the production or manufacture of alcohol, armaments, gambling, pornography, tobacco and uranium. Material exposure is considered to be where a company derives more than 10% of its total revenue from these industries.

If a company falls below the nominated SRI standards, it is policy that the relevant manager sells its investment in the company within six months. This policy is monitored and, if a Fund breaches the policy, AMP Capital may terminate the services of the relevant underlying manager. Policy also requires that the managers review individual companies if there are major changes to the companies, such as takeovers or major environmental incidents.

Combined Fund is one of only 5 superannuation funds in Australia to have been certified by the Responsible Investment Association Australasia (RIAA) under their Certification Program in the category of Superannuation Fund.

The Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, ethical or labour standard considerations. The Certification Symbol also signifies that Combined Fund has adopted strict disclosure practices required under the Responsible Investment Certification Program for the category of Superannuation Fund. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about the RIAA, the Symbol and Combined Fund's methodology and performance can be found at www.responsibleinvestment.org.au, together with details about other responsible investment products certified by the RIAA.¹

¹ The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor the RIAA recommends to any person that this financial product is a suitable investment or that returns are guaranteed. RIAA is not a financial services business and does not hold an Australian Financial Services Licence.

Derivatives Policy

Derivatives are financial contracts whose values depend on or are derived from assets, liabilities or indices. They include options, warrants, futures, swaps and forwards.

The Trustee has determined that it will not invest in derivatives directly in its own right.

The Trustee agrees to use investment managers, appointed under an individual mandate or via collective investments, investing in derivatives under the terms of appointment set out in a mandate or collective investment offer document.

Exposure to any single hedge fund manager should be around 5% plus or minus 2% of the total Fund assets.

The Trustee requires each of its investment managers to provide a statement of compliance with its own derivatives policy each quarter.

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.

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 (ie Market Risk). The risk of negative returns 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. Other investment risks are as follows:

Risk Type	What it means
Mismatch Risk	The investment you choose may not suit your needs or circumstances.
Inflation Risk	The purchasing power of your money could be eroded by inflation.
Interest Rate Risk	The risk that changing interest rates may reduce your returns or cause you to lose money.
Market Timing Risk	The timing of your investment decision may expose you to lower returns or capital loss.
Diversification Risk	The poor performance of a small number of assets significantly affects your total portfolio.
Currency Risk	The risk that currency movements will affect your investment.
Liquidity Risk	The risk that you may not be able to access your money quickly or cheaply when you need to.
Credit Risk	The risk that the investment managers you invest with may not meet their obligations (ie default on interest payments).
Sovereign Risk	The uncertainty of return on a foreign investment due to the possibility that the foreign government might take actions which are detrimental to the investors' interests.

- 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.

Legislative risk could also apply to certain investments resulting in loss of capital or reduced returns.

- 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. During 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 if 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.

Website

Our website, at www.combinedfund.com.au, contains a range of information in respect of the Fund, including the latest Unit Prices for each investment option.

By use of a password of your choice, you can access full information related to your Account 24 hours a day, including current Account Balance, contribution history, nominated dependants, personal details, check/change address, check/change investment choice, check/change level of insurance cover, etc.

To register for internet access to your Account, go to the Fund website at www.combinedfund.com.au, click on Website Access and then Superlink Member Access Registration and download the form for completion and sending to us. We will register your access and send you confirmation of your username and password.

Additional Services

Membership of 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;
- a free home/investment loan advisory service which will review your present loan arrangements and advise on and implement alternatives;
- a general superannuation advisory service which is provided free of charge;

- a full financial planning service provided independently of Combined Fund by Oracle Financial Services; and
- a discounted entry fee for a Home Equity Release loan (Reverse Mortgage) with Australian Seniors Finance. This is available to Fund members and to their parents.

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 staff meetings as required. After 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 telephone or visit the office of the Fund Administrator for a free 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 cover for Contact details). The Fund also has in place procedures to deal with any complaint you may have.

Complaints about the Fund are rare and can usually be resolved promptly. However, if you are unhappy with the response, you may write to the Fund's Inquiries Officer who will attempt to respond within 28 days.

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 780 808.

Eligible Rollover Fund

If you leave employment and your Account Balance is less than \$1000, your Fund benefit may be transferred to an Eligible Rollover Fund (ERF).

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 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 since 1 September 2007 are:

The Manager
AUSfund
P O Box 2468
Kent Town SA 5071
Telephone 1300 361 798

Prior to 1 September 2007, the ERF used by the Fund was SuperTrace. The contact details for that ERF are:

The Manager
Supertrace
Locked Bag 5429
Parramatta NSW 2124
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 Fund 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 cover for Contact details).

Family Law

The Family Law Legislation Act (Superannuation) 2001:

- allows a Member's spouse to have 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 for (or a Family Court can order):

- a payment split, which 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 payable to Group Benefits Pty Ltd (the Fund Administrator).

Neither the Trustee nor the Fund Administrator is permitted by law to advise members if information regarding their benefits has been requested by another party in accordance with the Family Law Act.

SUPERANNUATION NEWS

Co-contributions

For the year ending 30 June 2008, 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 \$58,980 Assessable Income as shown in the following table. Assessable Income includes Reportable Fringe Benefits.

The table shows the maximum Co-contribution that the Government will make to your Fund Account based on your Assessable Income for the financial year. To obtain that maximum amount, you must contribute the Optimum Personal Contribution to the Fund before 30 June 2008.

You don't have to claim the Co-contribution. We report your contribution to the ATO and, once you have lodged your tax return, the ATO will calculate your Assessable Income and the amount of Co-contribution. You will receive a letter from the ATO advising the amount of Co-contribution which has been paid to your Fund Account.

Your Assessable Income \$	Your Contribution \$	Maximum Government Co-contribution \$
Up to 28,980	1,000	1,500
29,000	999	1,499
30,000	966	1,449
31,000	933	1,399
32,000	899	1,349
33,000	866	1,299
34,000	833	1,249
35,000	799	1,199
36,000	766	1,149
37,000	733	1,099
38,000	699	1,049
39,000	666	999
40,000	633	949
41,000	599	899
42,000	566	849
43,000	533	799
44,000	499	749
45,000	466	699
46,000	433	649
47,000	399	599
48,000	366	549
49,000	333	499
50,000	299	449
51,000	266	399
52,000	233	349
53,000	199	299
54,000	166	249
55,000	133	199
56,000	99	149
57,000	66	99
58,000	33	49
58,980	Nil	Nil

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

Employer and Self-Employed Contributions (including Salary Sacrifice contributions)

From 1 July 2007, there is no limit on the amount an employer may contribute on your behalf.

However, any amount received from an employer for you (including salary sacrifice contributions) in excess of \$50,000 for the year ending 30 June 2008 will be taxable at a rate of 46.5% (including Medicare Levy). Alternatively, you will be able to elect for such tax to be deducted from your Fund Account.

The \$50,000 limit is indexed annually but will only increase in \$5,000 increments.

Under transitional arrangements, an annual limit of \$100,000 will apply for the five years from 1 July 2007 to 30 June 2012 for those age 50 and over. This transitional limit will not be indexed.

Contributions up to these limits are taxed at the standard rate of 15%.

The above limits will also apply to individuals who are eligible for personal tax deductions in respect of their contributions.

Other Contributions

From 1 July 2007, a limit of \$150,000 per annum will apply to personal non-deductible contributions (indexed in line with the \$50,000 deductible contribution limit above). However, members under age 65 will be able to bring forward two more years of contributions to contribute up to \$450,000 in one year (but no further personal contributions for the next two years).

No personal contributions can be made after age 75.

After age 65 and up to age 74, members will be limited to an annual contribution of \$150,000 (indexed).

Transitional arrangements allowed for personal non-deductible contributions of up to \$1 million to be made during the period 10 May 2006 to 30 June 2007.

Tax on Benefits

From 1 July 2007, no tax will be payable on lump sum or pension benefits paid from superannuation funds to those age 60 and over.

Prior to age 60, the existing tax arrangements will continue to apply.

For more details, see the Taxes section of this Product Disclosure Statement at page 32.



FINANCIAL INFORMATION

The Financial Statements of Combined Fund for the year ended 31 December 2007 are summarised below. This information is an abridged version of the full financial report. At the time this report was prepared, Deloitte Touche Tohmatsu 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 2008. The accounts will then be available for inspection by the members on request.

Statement of the financial position for the year ended 31 December 2007	2007 \$	2006 \$
STATEMENT OF CHANGES IN NET ASSETS		
Net market value of assets available to pay benefits at start of year	429,481,881	339,764,792
PLUS		
Contributions from employers	44,135,166	37,806,666
Contributions from members	13,603,451	8,324,186
Rollovers received	12,445,346	22,356,155
Insurance proceeds	940,080	877,276
Investment earnings	29,601,789	57,533,455
Other income	1,406	23,319
LESS		
Benefits paid	42,664,743	22,031,836
Insurance premiums	2,464,323	2,158,969
Administration and management expenses	3,013,489	2,626,250
Taxation expenses	6,417,707	10,386,913
Net market value of assets available to pay benefits at end of year	475,648,857	429,481,881
STATEMENT OF NET ASSETS		
Investments	425,676,707	426,977,641
Cash	52,987,411	9,315,059
Other assets	2,410,253	1,851,154
LESS		
Creditors and accruals	299,491	391,975
Liability for taxation	5,126,023	8,269,998
Net market value of assets available to pay benefits at end of year	475,648,857	429,481,881

FEES AND OTHER COSTS

The Australian Securities and Investment Commission (ASIC) changed the reporting requirements for superannuation funds with effect from 1 July 2005.

These changes include the Consumer Advisory Warning below and example calculations of fees based upon an assumed account balance and ongoing contributions.

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the ASIC website (www.fido.asic.gov.au) has a superannuation calculator to help you check out different fee options.

This Product Disclosure Statement 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 Product Disclosure Statement 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 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.

There are no fees or commissions paid by Combined Fund to advisers who may recommend the Fund for your superannuation investment.

The Administration Fee of \$1 per week shown in the following table is deducted from your Account quarterly.

The Investment Managers' fees are deducted by the managers before the Unit Prices for each investment option are declared each month. The management fees paid to investment managers may also include performance fees when their investment returns exceed agreed benchmarks. These benchmarks vary for each investment option and there is no guarantee that an investment manager will earn a performance fee in any given year.

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 all expenses.

Withdrawal Fees are only deducted from your Account if you withdraw money as a lump sum from the Fund (including amounts you split with your spouse under Contribution Splitting or Family Law arrangements). The Withdrawal Fee does not apply to regular pension payments but it does apply to lump withdrawals from Pension Accounts.

FEES AND OTHER COSTS cont.

TYPE OF FEE OR COST	AMOUNT
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND	HOW AND WHEN PAID
ESTABLISHMENT FEE The fee to open your Account.	Nil
CONTRIBUTION FEE The fee on each amount contributed to your Account – either by you or your employer.	Nil
WITHDRAWAL FEE The fee on each amount you take out of your investment as a lump sum (including amounts you split with your spouse under Contribution Splitting or Family Law arrangements).	\$67 Deducted from your Account when a lump sum payment is made. This fee does not apply to regular pension payments.
TERMINATION FEE The fee to close your Account.	Nil
MANAGEMENT COSTS – THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT	
ADMINISTRATION FEE The Administration fee (Member Fee) for managing your Account.	\$52 annually (\$13 per quarter). Deducted from your Account quarterly.
INVESTMENT MANAGER FEES The Fund's investment managers deduct fees from the investments that they manage. Those fees are deducted before the investment return is credited to the Fund by each manager. These fees will vary slightly depending on the proportion of assets invested with each investment manager. The example shown on the following page includes the investment manager fees for the Balanced Option ie 0.76% pa.	<ul style="list-style-type: none"> • Australian Shares 0.85% pa • International Shares 0.89% pa • Property 0.78% pa • Interest Nil • Growth 0.84% pa • Balanced 0.76% pa • Conservative 0.25% pa • SRI Balanced 0.82% pa
EXPENSE RECOVERY FEE Other expenses of operating the Fund which are not deducted from your Account. For 2008, these expenses are estimated to be 0.427% pa (0.0356% per month) of the total net assets of the Fund after allowing for the expenses which are deducted from your Account.	0.0356% per month. This fee is taken into Account when unit prices are calculated.
ADDITIONAL SERVICE FEES	
INVESTMENT SWITCHING FEE The fee for changing investment options.	Nil

Example of annual fees and costs for a Balanced Investment Option for 2008

The following table gives an example of how the fees and costs in the Balanced Option for this product can affect your superannuation investment over a one year period. What it actually costs you will depend on the investment option(s) you choose. You should use this table to compare the fees for your Account in the Fund with other superannuation products.

In addition to the fees shown in these examples, a withdrawal fee of \$67 will be deducted from your Account if you withdraw money from the Fund as a lump sum (including amounts split with your spouse under Contribution Splitting or Family Law arrangements). This fee does not apply to regular pension payments but does apply to lump sum withdrawals from a Pension Account.

Example – the Balanced Option All Members of the Fund		Balance Of \$50,000 with Total Contributions of \$5,000 during the Fund Year
Contribution Fees	Nil	For every \$5,000 you put in, there will be no charge.
PLUS Management Costs (including Expense Recovery and Investment Manager Fees)	\$52 (\$1 per week) plus 0.427% plus 0.76%	And, for every \$50,000 you have in the Fund, you will be charged \$593 each year plus, regardless of your balance, \$52 in administration fees.
EQUALS Cost of fund		If you put in \$5,000 during a year and your balance was \$50,000, then, for that year, you will be charged fees of \$645.

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.

The Expense Recovery Fee for 2007 was 0.415% pa of total net assets of the Fund. Our estimated fee at the start of 2007 was 0.371% of assets.

The Expense Recovery Fee has reduced significantly (by 37%) from a fee of 0.662% of assets for 2005.

We estimate that the Expense Recovery Fee for 2008 will be 0.427% pa of total net assets (based on a total net asset amount of \$500 million).

If the total balance in your Account in the Fund at any time is less than \$1000 and includes mandatory employer contributions, Government Member Protection regulations limit the fees which can be deducted from your Account to the amount of the investment return credited to your Account.

This protection does not apply to any tax and insurance premiums which are deducted from your Account nor does it apply to the Expense Recovery or Investment Manager Fees. See page 6 of this document for insurance details and page 32 for tax information.

TAXES

Taxation rules relating to superannuation are complex and change from time to time. The Trustee recommends that you seek professional advice in relation to taxation and superannuation. **The following summarises superannuation taxes as they relate to this Fund.** Different tax arrangements apply to funds such as public sector superannuation funds for government employees.

Tax File Number

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 higher tax on your contributions. From 1 July 2007, unless the Fund has your TFN on record, employer contributions on your behalf will be taxed at the highest personal tax rate including Medicare Levy (46.5%) and personal contributions will not be accepted.

Tax on contributions to a superannuation fund

Tax of 15% is payable on “**concessional**” contributions. These are:

- Contributions paid by an employer 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 an employer; and
- Contributions paid from after-tax income which you claim as a personal tax deduction (usually self-employed people and those earning less than 10% of their assessable income from employment).

No tax is payable on “**non-concessional**” contributions ie those you make to the Fund personally or any contributions paid to your Account by your spouse. These are contributions from income on which tax has already been paid (ie from after-tax income).

No tax is payable on any Government Co-contribution made on your behalf.

This 15% tax is deducted from your Account in the Fund **and** is remitted to the Tax Office on your behalf. Tax deductions which the Fund claims for administration fees and insurance premiums are used to reduce this tax rate and those savings are passed on to members.

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.

There is no tax on the investment earnings for Pension Accounts.

Tax on benefit payments to you

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 the following matters:

- your age at the time the benefit is paid; and
- the split-up of your benefit between tax-free and taxable components. As at 1 July 2007, superannuation funds are obliged to convert previous tax components into these two components. **The table on the next page shows the previous tax components which now make up these two components.**

NB: From 1 July 2007, there is no tax payable on superannuation benefit payments (lump sum or pension) made to those aged 60 or over.

Tax on lump sum benefits after 30 June 2007

Benefit Component	Age at date of lump sum payment		
	Under Age 55	55 to 59	60 and Over
Tax Free undeducted contributions and Government Co-contributions	Tax free if available for cash payment before 55	Tax free	Tax free
Concessional component	Tax free	Tax free	Tax free
CGT exempt component	Tax free	Tax free	Tax free
Post 30 June 1994 invalidity component	Tax free	Tax free	Tax free
Pre 1 July 1983 component	Tax free	Tax free	Tax free
Taxable post 30 June 1983 taxed element	20% tax	Up to \$140,000 – tax free Balance – 15% tax	Tax free

Notes:

- The Medicare levy will be added to whichever rate is applicable but not where the benefit is tax free.
- The concessional component represents bona fide redundancy, approved early retirement scheme and invalidity payments made prior to 1 July 1994.
- The \$140,000 threshold for the Post 30 June 1983 component is applicable for the 2007/2008 year. The threshold is indexed at 1 July each year but will only be increased in increments of \$5,000.
- The Post 30 June 1994 invalidity component represents invalidity payments which meet certain criteria and were made on or after 1 July 1994.
- The taxation may differ for temporary residents permanently departing Australia.

No tax is payable by you if you elect to rollover your benefit to another superannuation fund, an approved deposit fund, retirement savings account or other approved superannuation institution. Payment of tax by you is then 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 the tax-free proportion of your benefit is not subject to tax and a 15% tax offset (rebate) will also generally apply. No tax is payable on any pension payments made to you after age 60.

TAXES cont.

Tax on death benefit payments

LUMP SUMS

There is no tax on the taxable component of lump sum death benefits paid to tax dependants, i.e. your:

- spouse;
- financial dependant;
- interdependant; or
- a child who is:
 - a) under age 18;
 - b) aged between 18 and 25 and financially dependent; or
 - c) disabled under Section 8 of the Disability Services Act

However, if the death benefit is paid as a lump sum to anyone who is not a tax dependant, the tax on the taxable component will be nil up to the first \$140,000 and 16.5% including Medicare Levy on the excess.

PENSIONS

The tax on the taxable component of a pension payable to a dependant will be nil where the deceased member was aged 60 or more or the recipient of the new income stream is age 60 or more.

If the deceased member or the pension recipient were/are under age 60, the new pension will be taxed at marginal rates less a 15% tax offset (rebate).

If the deceased member had no tax dependants, the benefit will be paid as a lump sum.

Reasonable Benefit Limit

Until 30 June 2007, Government regulations limited the amount of superannuation benefit you could receive which was concessionally taxed.

The Reasonable Benefit Limit (RBL) was a fixed dollar amount which increased each year in line with the growth of Average Weekly Ordinary Time Earnings. If you took your benefit as a lump sum before 1 July 2007, your RBL was \$678,149. An RBL of \$1,356,291 applied if at least 50% of your benefit was taken as a complying pension or annuity.

Higher transitional limits applied depending upon your age at 1 July 1994.

Any benefit paid in excess of the RBL was taxed at 39.5% including Medicare Levy.

The Government abolished Reasonable Benefit Limits from 1 July 2007.

Spouse rebate

If your spouse's total income is less than \$10,800, an 18% tax offset is available to you on contributions 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 total income is above \$10,800, so that the offset cuts out completely when total income reaches \$13,800. Reportable Fringe Benefits are included in the calculation of total income.

Superannuation Surcharge

The surcharge was an additional tax on contributions for high income earners. Whilst the surcharge was abolished from 30 June 2005, the Tax Office is still issuing assessments for employer and salary sacrifice contributions made prior to that date.

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.

The Trustee is licensed to act as Trustee of Combined Fund under APRA Registrable Superannuation Entity Licence No. L0000376.

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 cover for Contact details).

As at 31 December 2007, 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	Representing
Clovis Bonner	5/6	Overnewton Anglican Community College
Brian Collins*	6/6	Braemar College
Ted Collins*	6/6	Gippsland Grammar
Rob Daniel*	5/6	Caulfield Grammar School
John Evans (Chairman)	6/6	Caulfield Grammar School
George Kogios*	6/6	Heathdale Christian College
Frank Reid*	5/6	The Knox School
Richard Sait*	6/6	Taylor's College
Peter Trewin	5/6	Haileybury
Doug Watson	6/6	Yarra Valley Grammar
Alan Williamson	6/6	The Geelong College
Terry Wills Cooke (Dep. Chairman)	6/6	Christian College, Highton

* Member Representatives

WHO LOOKS AFTER YOUR BENEFITS?

cont.

In addition to their duties as trustees of the Fund, each Director serves on at least one of three committees. The Fund Chairman, John Evans, serves on each Committee in an ex officio capacity.

Executive/Investment Committee	
Brian Collins	8/9
John Evans	9/9
Frank Reid	8/9
Doug Watson	9/9
Terry Wills Cooke (Chairman)	9/9

Legal Committee	
Ted Collins	2/2
John Evans	2/2
Richard Sait (Chairman)	2/2
Alan Williamson	2/2

Finance & Audit Committee	
Clovis Bonner (Chairman)	6/6
Rob Daniel	6/6
John Evans	6/6
George Kogios	6/6
Peter Trewin	5/6

Trustee Indemnity Insurance

As an added protection to members, the Trustee has 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 governing document which sets out the Trustee's duties, powers and responsibilities and the rules of the Fund. No amendments or alterations were made to the Trust Deed during the year.

FUND SECRETARY

Doug Watson

UNDER SECRETARY/INQUIRIES OFFICER

Roy Freeman

MANAGER CLIENT SERVICES

Jane Hargreaves

FUND ACCOUNTANT

Peter Braun

COMPLIANCE OFFICER

Virginia Parry-Jones

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. At 31 December 2007, they were:

Administration

Group Benefits Pty Ltd

Financial Audit

Deloitte Touche Tohmatsu

Risk Management Audit

Deloitte Touche Tohmatsu

Investment Advice

JANA Investment Advisers
(until 30 November 2007)

Counterpoint Group Pty Ltd
(from 1 December 2007)

Group Life and Disability Insurance

Tower Life and Metlife Insurance Limited

Legal Advice

Allens Arthur Robinson

Tax Agents

Deloitte Growth Solutions Pty Ltd

Investment Management

Acadian Asset Management (Australia) Limited

Alliance Bernstein Australia Limited

AMP Capital Investors Limited

Basis Capital Funds Management Limited

Cooper Investors Pty Limited

INVESCO Australia Ltd

Investa Funds Management Limited

Legg Mason Asset Management Australia Limited

Lend Lease Real Estate Investments Limited

MFS Investment Management (the international investment group, not the Australian property manager)

Perennial Investment Partners Limited

PM Capital Limited

S G Hiscock and Company Limited

State Street Global Advisers Australia Limited

Warakirri Asset Management Pty Ltd

Westpac Banking Corporation

During the year, following comprehensive and extensive tenders, the Fund Administrator was reappointed for a three-year term ending 31 August 2010 and a new Investment Adviser, the Counterpoint Group Pty Ltd, was also appointed for a three-year term ending 30 November 2010.



COMBINED FUND

A lifetime of Growth

CONTACT US

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Melbourne Victoria 3001

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Facsimile 03 9640 0787

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