



COMBINED FUND
A lifetime of Growth


INDUSTRY FUND

ANNUAL REPORT 2008

MEMBER BOOKLET

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

PDS PART 1: ANNUAL REPORT TO 31 DECEMBER 2008 AND GENERAL MEMBER BOOKLET

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

Issued March 2009

This PDS Part 1 is issued by Combined Fund Pty Ltd as Trustee of Combined Fund (see back page for contact details).
RSE ABN 32 064 976 138 Fund ABN 46 921 400 504



Supplementary Product Disclosure Statement

Issued November 2009

This Supplementary Product Disclosure Statement (SPDS) should be read together with the Product Disclosure Statement (PDS) titled Annual Report to 31 December 2008 and General Member Booklet which was issued in March 2009.

This SPDS alters the following sections of the PDS.

Summary of Changes	Sections of PDS	Page of PDS
From May 2009, benefits payable at death will be switched to the Fund's Interest Option in order to protect the benefit from market fluctuations prior to payment.	Death Benefits	6
From July 2009, Combined Fund changed the investment ranges for the Growth Option, Balanced Option and Conservative Option. References to Fixed Interest were changed to Diversified Interest Securities to more accurately reflect the true nature of the investment type.	Fund Investments Diversified Options	9, 12, 13, 14
From August 2009, if you leave the service of your employer your insurance cover will be maintained.	Insurance after you leave service	8
From November 2009, Combined Fund changed the investment ranges for the Balanced Option and the Growth Option.	Fund Investments Diversified Options	12,13

Death Benefits

At page 6, after the first paragraph of the section headed Death Benefits, the following paragraph has been added:

Upon advice of your death, the benefit payable from the Fund will be automatically switched to the Fund's Interest Option in order to ensure that its value is maintained until settlement of the claim regardless of fluctuations in investment markets.

At page 6, at the end of Death Benefits section the following paragraph has been added:

Combined Fund Pty Ltd ACN 064 976 138
 Level 9, 155 Queen Street Melbourne Victoria 3000 GPO Box 4559 Melbourne Vic 3001
 Toll Free 1800 200 801 * Telephone (03) 9691 2900 * Facsimile (03) 9640 0787
 RSE ABN 32 064 976 138 * Fund ABN 46 921 400 504

“In the case of reversionary pensions, ownership of the pension account automatically transfers to your spouse upon your death. If you are not survived by your spouse, the pension benefit will be commuted to a lump sum and the procedure outlined above for lump sum payments will be followed.”

Fund Investments

Throughout the PDS, replace ‘Fixed Interest’ with ‘Diversified Interest Securities’.

At page 9 in the 2nd column after the 5th dot point, add:

“

- Diversified Interest Securities comprise a range of securities designed to produce cash plus performance with no greater risk than traditional bond type portfolios. These securities include global treasuries, global investment grade corporate debt, mortgages, bank loans, emerging market debt and currency and cash. The market value of Diversified Interest Securities fluctuates depending upon prevailing interest rates. If interest rates rise, the market value of Diversified Interest Securities can fall and produce a negative return.”

At page 12, under the heading **Growth Option**, replace the benchmark table in the 1st column with:

Benchmark		Investment Ranges
40%	Australian Shares	25-50%
25%	International Shares	15-35%
15%	Property	0-20%
5%	Infrastructure	0-15%
85%	Growth Assets	
12%	Diversified Interest Securities	0-20%
3 %	Cash	0-20%
15%	Defensive Assets	

At page 13, under the heading **Balanced Option**, replace the benchmark table in the 1st column with:

Benchmark		Investment Ranges
32.5%	Australian Shares	20-45%
22.5%	International Shares	15-35%
15%	Property	10-20%
5%	Infrastructure	0-10%
75%	Growth Assets	
20%	Diversified Interest Securities	15-25%
5%	Cash	0-10%
25%	Defensive Assets	

At page 14, at the end of the first paragraph in the 2nd column, add:

"and with Diversified Interest Securities managers".

At page 14, under the heading **Conservative Option**, replace the benchmark table in the 2nd column with:

Benchmark		Investment Ranges
15%	Australian Shares	5-25%
8%	International Shares	0-20%
7%	Property	0-10%
30%	Growth Assets	
35%	Diversified Interest Securities	20-60%
35%	Cash	20-60%
70%	Defensive Assets	

Insurance After You Leave Service

Delete the section headed "Insurance After You Leave Service" on page 8 and replace it with the following:

"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. Premiums will continue to be deducted from your Account.

If, after leaving service of your employer, you are working less than 15 hours per week or are employed on a casual basis:

- any Salary Continuance Insurance cover will cease after 12 months. If you become totally disabled during those 12 months, any claim will be based upon your actual average basic annual pay for the 12 months prior to becoming disabled;
- the definition of Total and Permanent 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."

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 more than 9800 Member Accounts spread over more than 150 Employers and assets of over \$395 million as at 31 December 2008.

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.

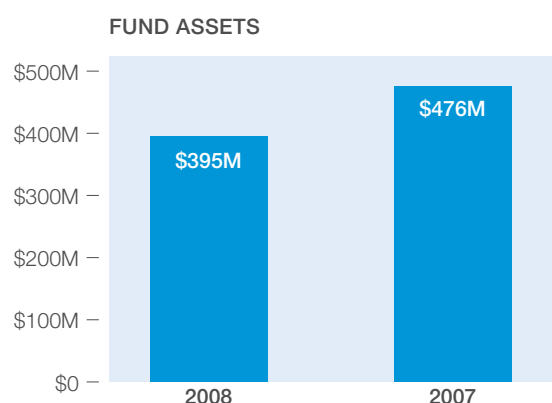
The Trustee does not hold an Australian Financial Services Licence and, therefore, cannot provide you with financial product advice. In any case, this PDS contains information of a general nature only and you should consult your financial adviser if you intend to make any financial or investment decisions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

SUMMARY OF THE YEAR

(FIGURES AS AT 31 DECEMBER 2008)



2008 EARNING RATES – see page 10 onwards for more details

Note: These are the actual rates of return for 2008 ie. after tax and all fees have been deducted.

Investment Option	Super Members	Pension Members*
	% Return	% Return
Australian Shares	-31.3	-35.2
International Shares	-34.6	-38.6
Property	-4.8	-5.4
Growth	-18.3	-20.5
Balanced	-18.6	-20.8
SRI Balanced	-19.7	-22.4
Conservative	-3.5	-3.7
Interest	+6.1	+7.2

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

* 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 during periods of negative returns).

As noted in the Fund's newsletter and insert for January 2009, the returns for each of the Fund's investment options (with the exception of the International shares option) were better than the average returns of super funds in both the SuperRatings and Selecting Super surveys for the year ended 31 December 2008 – in some cases, by a significant margin (see our website at www.combinedfund.com.au).

CHAIRMAN'S REPORT

At the risk of stating the obvious, 2008 was a bad year for investors.

In a year when the international sharemarkets dropped by almost 39% and the Australian sharemarket dropped by 43%, there has to be a negative impact upon investment returns – particularly when you include the commercial property market dropping by 54%.

In such extreme market conditions, emotion can often override discipline. Watching retirement savings suffer negative returns can prompt some members to switch from Balanced, Growth and Share Options into our Interest Option with the idea of “moving back” once the markets start to recover.

However, Cash – the traditional refuge for those who try to avoid the impact of market downturns – may not be so attractive in 2009 with official interest rates having reduced from 7.25% to 4.25% during 2008 and to 3.25% in February 2009. With inflation at 3.7% pa, you are going backwards even though you are earning a positive return.

We covered this in some detail in our January 2009 newsletter.

COMBINED FUND'S RETURNS BETTER THAN MOST FUNDS

When there is a minus sign in front of your return, it is probably cold comfort to know that at least your return was better than the returns of members in most other super funds.

Nevertheless, it is well worth noting that seven of Combined Fund's eight investment options outperformed the average returns of other super funds for 2008 – in most cases, by a quite significant margin.

Only our International Shares Option underperformed the average super fund return for International Shares (Combined Fund -34.6%, Average Fund -34.4%).

Tables showing these comparisons in detail were sent to all members with our January 2009 newsletter and can be found on our web site at www.combinedfund.com.au.

This outperformance in 2008 arose from a number of changes which were put into place by the Trustee including:

- the appointment of a new investment adviser (Counterpoint Group – CPG Advisory) in November 2007;
- a re-allocation of investments in the Balanced Option away from the sharemarkets and into bank term deposits for much of 2008. Only 38% of the Balanced Option was invested in sharemarkets last year compared to 60% in 2007;
- limiting exposure to listed property trusts in the Fund's property portfolio (resulting in a return for property of -4.8% for the year compared to an industry average for property of -31.4%);
- significant changes to the specialist investment managers who manage the Fund's investments.

A WARNING – ABOUT PAST PERFORMANCE

We often warn members of the danger of making decisions based upon short term investment results. However, even long term outperformance is no guarantee of superior results in the future – particularly for anyone thinking of moving to another super fund.

You might think, for example, that a super fund which is a top 10 performer over five years could be relied upon to continue producing that sort of performance.

Not so, according to the SuperRatings survey of super funds. The SuperRatings group reviews around 100 Balanced investment options offered by super funds and compares their returns over various periods.

We looked at the 10 super funds which produced the highest Balanced Option returns for the five years ended 31 December 2007.

Of these top 10 Balanced Funds, only one was still in the top 10 a year later at 31 December 2008. One is no longer in the survey and four are not even in the top 50 funds. Two of those are ranked 83rd and 86th out of 92 funds.

Interestingly, six of those top ten funds fell even further in the rankings in the last six months of 2008.

Combined Fund was ranked 27th out of 92 Balanced funds for the year ended 31 December 2008 and 18th out of 111 funds in the survey for the year ended 31 January 2009.

MEMBERS TAKING ADVANTAGE OF THE DOWNTURN

"The way to make money is to buy when blood is running in the streets" - John D Rockefeller.

As we have mentioned in recent newsletters, contributions made during market downturns can be far more beneficial to you than those made during booming market conditions.

This is because unit prices for all investment options (except the Interest Option) generally reduce during downturns and your contributions purchase more units for you than those same contributions would purchase during the boom periods.

In recent months, some members have not only increased their contributions to the Fund but have also changed the investment mix for those contributions. In Combined Fund, you can arrange for future contributions and your account balance to be invested differently.

For example, some members in the Balanced Option have left their account balance in that option but are now directing contributions to the Growth Option and even to the Australian Share Option. This is being done to take advantage of the reduction in unit prices for those options and the members' expectations that those options will produce a greater return when the sharemarkets begin their inevitable recovery.

A good way to make additional contributions is to salary sacrifice a part or all of a future pay increase. It is easier to save when you are using money you have not become used to spending.

Another alternative is to take tax cuts as additional contributions rather than as extra salary. A further tax cut in July this year will put an extra \$150 a year (roughly \$3 a week) into the pockets of all who earn more than \$34,000 a year. A small extra amount like \$3 a week will not be noticed in your paypacket but will add nicely to your retirement savings if you arrange with the pay office to salary sacrifice it to your super account.

2009 – WHAT'S LIKELY TO HAPPEN?

There appears to be a general feeling in the investment industry that the market recovery will begin in earnest in the second half of 2009.

Whilst we seem to hear little positive economic news currently, sharemarkets tend to be forward looking and often begin to recover before an economic recovery begins.

However, the fact is that nobody really knows when the recovery will happen. Nevertheless, we do know that, once economic sentiment changes, markets tend to recover quickly. To quote from the Australian Securities and Investments Commission's New Year's Resolutions for 2009:

"Super's a long term investment, so take investment ups and downs in your stride as much as possible."

Best wishes for 2009.

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 may 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, you may also arrange for employer and salary sacrifice contributions which have been paid to your Account to be split with your spouse.

NB: From 1 July 2008, your spouse can be a person of the same sex as you.

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.

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).

Unit prices for each month are calculated on 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 16th of each month are based upon the unit prices for two months prior. Benefits shown on and after 16th of the month are based on the unit prices for the month prior. For example, unit prices for February 2009 are calculated by 15th March 2009 so, prior to 16th March 2009, benefits shown on the website are as at 31st January 2009. On and after 16th March 2009, benefits shown are to 28th February 2009. 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.

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 18 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; plus (or minus)
- investment earnings.

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 benefits on specific grounds or to the Trustee in respect of financial hardship or a terminal illness;
 - 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 ATTAIN AGE 55

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 are automatically transferred to a Retained Member Account in their own name within Combined Fund which can be used to:

- receive ongoing contributions (made personally 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 a work test for Salary Continuance Insurance 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;
- 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).

HOW COMBINED FUND WORKS cont.

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 or leave service after age 60 or attain age 65 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 financial 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 home page of 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 a de facto spouse who can be of the same sex as you), your children (including any adult children, adopted children, ex-nuptial children, foster children, a ward of you or your spouse, a child for whom you or your spouse are standing in loco parentis and a person who is a child of you or your spouse within the meaning of the Family Law Act 1975) 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.

Terminal Illness

A benefit may be payable from the Fund if a medical condition is determined by the Trustee as likely to lead to your death within 12 months of diagnosis.

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.

Note: You should refer to your Benefit Summary and your Benefit Statement as you may not be provided with both benefits.

(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 Salary Continuance Insurance 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 Salary Continuance Insurance benefit may be reduced if you receive other sickness or accident benefits, including Workcover but excluding sick leave.

The benefit will not be payable if 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 Insurance benefit is not available if you are working less than 15 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 Salary Continuance Insurance Benefit on Other Benefits

While you are receiving the Salary Continuance Insurance 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 Salary Continuance Insurance benefit.

If you are assessed to be Totally and Permanently Disabled while receiving the Salary Continuance Insurance benefit, you may also receive the Lump Sum Benefit as described below and continue to receive your Salary Continuance Insurance benefit as well.

(2) Lump Sum Total and Permanent Disablement Benefit

For members who were working an average of at least 15 hours per week in the 13 weeks before the date of disablement, 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 13 weeks prior to becoming disabled, total and permanent disablement insurance is payable once:

- 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 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 (or lose the use of) both hands or both feet or one hand and one foot or lose the sight of one eye as well as losing (or losing the use of) 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 new or increased 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 Salary Continuance Insurance cover). Premiums will continue to be deducted from your Account.

If, after leaving service of your employer, you are working less than 15 hours per week or are employed on a casual basis, any Salary Continuance Insurance cover will cease.

If you are working less than 15 hours per week, Total and Permanent Disablement insurance cover will be maintained and 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 page 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 EXTENDED LEAVE OR WORKING OVERSEAS

The Fund generally provides twenty-four hour, worldwide cover for insured members and insurance premiums are deducted from your Fund account whilst cover is provided.

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 **who are Australian residents** 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, Salary Continuance Insurance cover will cease. In addition, the Activities of Daily Living or Home Duties definitions will apply to any Total and Permanent Disablement insurance you may have.

All cover will cease after three months if you have travelled to a country which had already attracted a "Do not travel" warning from the Australian Government. The cover will not be reinstated whilst that warning continues to apply and you are still located in that country.

- **Paid Leave**

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

However, all cover will cease after three months if you have travelled to a country which had already attracted a "Do not travel" warning from the Australian Government. The cover will not be reinstated whilst that warning continues to apply and you are still located in that country.

- **Working Overseas**

For Fund members who are working overseas, your existing cover can generally be maintained for up to three years.

However, all cover will cease after three months if you have travelled to a country which had already attracted a "Do not travel" warning from the Australian Government. The cover will not be reinstated whilst that warning continues to apply and you are still located in that country.

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

*Cover whilst on extended leave or overseas may also be maintained for **non-residents of Australia** subject to prior written approval from the insurer.*

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 select one or any combination of four sector and four diversified options for the investment of your Account Balance. 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.

Sector Options

- Australian Shares
 - International Shares
 - Property
 - Interest
- } *commonly known as Growth Assets*
- } *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 (mainly cash but with some fixed interest, Alternative investments and Infrastructure investment funds).

You can alter your investment mix at any time and at no cost. 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 provided by CPG Research and Advisory Pty Ltd (formerly Counterpoint Group).

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 page for Contact details).

FUND INVESTMENTS Sector Options

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 four years.

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

Investment Funds

- Acadian Wholesale Australian Equity Fund
- Bellwether Australian Share Fund
- Cooper Investors Australian Equities Fund
- Integrity Australian Share Fund
- INVESCO Wholesale Australian Smaller Companies Fund

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

	CPI %	Return %
2008	3.7	-31.3
2007	3.0	16.8
2006	3.3	20.9
2005	2.8	16.6
2004	2.6	27.7
5-Year Compound Average	3.1	7.6
3-Year Compound Average	3.3	-1.0

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 four years.

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

Investment Funds

- Cooper Investors Global Equities Fund
- MFS Fully Hedged Global Equity Trust (the International share manager, not the Australian property manager)
- State Street Global Advisers Asia Pacific Alpha Equities Market Neutral Trust

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

	CPI %	Return %
2008	3.7	-34.6
2007	3.0	-0.6
2006	3.3	11.5
2005	2.8	13.8
2004	2.6	7.1
5-Year Compound Average	3.1	-2.4
3-Year Compound Average	3.3	-10.2

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1998 adjusted using estimates of tax and expenses and using actual returns since December 1998.

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 six years.

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

Investment Funds

- Investa Commercial Property Fund
- Lend Lease Australian Prime Property Fund - Retail
- SG Hiscock Professional Investor Listed Property Securities Trust

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

	CPI %	Return %
2008	3.7	-4.8
2007	3.0	20.4
2006	3.3	14.5
2005	2.8	8.8
2004	2.6	15.6
5-Year Compound Average	3.1	10.5
3-Year Compound Average	3.3	9.5

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 year ended 31 December 2008 was 6.1%.

Investment Funds

Investments will be made only with Australia's four major banks and term deposits are currently held with ANZ and Westpac banks.

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1998 adjusted using estimates of tax and expenses and using actual returns since December 1998.

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

FUND INVESTMENTS Diversified Options

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 six years.

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

Investment Funds

The Growth Option is invested with all of the managers used for the Australian Shares, International Shares, Property and Interest 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:

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%	Alternative Investments	0-20%
10%	Diversified Fixed Interest and Cash	0-20%
20%	Defensive assets	

The actual asset allocations for 2008 and 2007 were:

	2008 %	2007 %
Australian Shares	35	42
International Shares	20	28
Property	15	10
Infrastructure	4	0
Alternatives	10	10
Diversified Fixed Interest and Cash	16	10

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

	CPI %	Return %
2008	3.7	-18.3
2007	3.0	6.5
2006	3.3	15.1
2005 (six months)	1.5	11.0
3-Year Compound Average	3.3	0.03

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1998 adjusted using estimates of tax and expenses and using actual returns since December 1998.

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

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 seven years.

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

Investment Funds

The Balanced Option is invested with all of the managers used for the Australian Shares, International Shares, Property and Interest 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:

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%	Alternative Investments	0-20%
20%	Diversified Fixed Interest and Cash	0-30%
30%	Defensive assets	

The actual asset allocations for 2008 and 2007 were:

	2008 %	2007 %
Australian Shares	24	34
International Shares	14	26
Property	17	13
Infrastructure	4	0
Alternatives	8	9
Diversified Fixed Interest and Cash	33	18

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

	CPI %	Return %
2008	3.7	-18.6
2007	3.0	4.9
2006	3.3	13.2
2005	2.8	11.9
2004	2.6	16.6
5-Year Compound Average	3.1	4.7
3-Year Compound Average	3.3	-1.1

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1998 adjusted using estimates of tax and expenses and using actual returns since December 1998.

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

FUND INVESTMENTS Diversified Options

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 ten years.

There has been one negative return year in the last 30 years.¹

Investment Funds

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 year ended 31 December 2008 was -3.5%.

¹ Based on a simulation, prepared by the Fund's advisers, of the past returns using market returns before December 1998 adjusted using estimates of tax and expenses and using actual returns since December 1998.

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 13 of this Product Disclosure Statement).

Investment Funds

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:

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 2008 and 2007 were:

	2008 %	2007 %
Australian Shares	36.1	39.4
International Shares	21.8	20.7
Aust. Listed Property	3.9	5.6
Int'l Listed Property	1.8	3.1
Direct Property	5.5	5.6
Aust. Fixed Interest	20.5	17.5
Int'l Fixed Interest	6.8	4.8
Cash	3.4	3.3

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

	CPI %	Return %
2008	3.7	-19.7
2007	3.0	5.9
2006	3.3	14.7
2005	2.8	15.6
2004	2.6	17.6

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.

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

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
- Warakirri Alternative Strategies Fund

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 Conservative and Interest Options commenced on 1 December 2007 so the returns are shown for one year only.

All average returns shown below are Compound Averages.

Australian Shares	CPI %	Return %
2008	3.7	-35.2
2007	3.0	18.6
2006	3.3	23.3
2005	2.8	18.0
2004	2.6	30.0
5-Year Compound Average	3.1	7.8
3-Year Compound Average	3.3	-1.8

International Shares	CPI %	Return %
2008	3.7	-38.6
2007	3.0	-0.8
2006	3.3	13.0
2005	2.8	15.0
2004	2.6	7.3
5-Year Compound Average	3.1	-3.2
3-Year Compound Average	3.3	-11.7

Property	CPI %	Return %
2008	3.7	-5.4
2007	3.0	22.9
2006	3.3	16.4
2005	2.8	9.3
2004	2.6	16.9
5-Year Compound Average	3.1	11.6
3-Year Compound Average	3.3	10.6

Interest	CPI %	Return %
2008	3.7	7.2

Growth	CPI %	Return %
2008	3.7	-20.5
2007	3.0	7.0
2006	3.3	17.0
6-month return 1/7/05-31/12/05	1.5	12.1
3-Year Compound Average	3.3	-0.14

Note: Past returns should not be seen as indicative of what may be achieved in the future.

Balanced	CPI %	Return %
2008	3.7	-20.8
2007	3.0	5.3
2006	3.3	15.0
2005	2.8	12.9
2004	2.6	17.3
5-Year Compound Average	3.1	4.9
3-Year Compound Average	3.3	-1.4

Conservative	CPI %	Return %
2008	3.7	-3.7

SRI Balanced*	CPI %	Return %
2008	3.7	-22.4
2007	3.0	6.4
2006	3.3	16.4
2005	2.8	16.7
2004	2.6	19.0

* 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 returns should not be seen as indicative of what may be achieved in the future.

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:

- In January 2008, a new investment was made in the ANZ Diversified Infrastructure Trust (Balanced and Growth Options).
- In April 2008, investments in the Legg Mason Australian Value Equity Trust (Australian Shares Option), the Acadian Wholesale Global Equities Long Short Fund (International Shares Option) and the PM Capital Australian Opportunities Fund (Australian Shares Option) were redeemed.
- In June 2008, new investments for the Australian Shares Option were made in the Integrity Australian Share Fund and the Bellwether Australian Share Fund.
- In November 2008, investments in the Alliance Bernstein Global Style Blend Trust (International Shares Option), the Perennial Cash Enhanced Trust (Balanced and Growth Options) and the Perennial Diversified Fixed Interest Trust (Balanced and Growth options) were redeemed.
- In December 2008, a redemption request was lodged with Warakirri Alternative Strategies Fund (Growth and Balanced Options) for redemption on 31 March 2009.

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 2008:

Investment Fund	% of Total Assets
ANZ Bank Term Deposits	17.6
Cooper Investors Australian Equities and Global Equities Funds	18.1
Investa Commercial Property Fund	7.5
Lend Lease Prime Property Funds	7.2
MFS Fully Hedged Global Equity Trust	5.6
Westpac Bank Term Deposits and Cash Management Account	16.7

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.

FUND INVESTMENTS cont.

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 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 the month prior. For example, a switching request received before 16 March will be processed using the unit price for February (the March unit price will not be calculated until 15 April).

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

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.

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 nine 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.



CERTIFIED BY RIAA

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 limited to 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.

FUND INVESTMENTS cont.

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; 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 page for 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.

GENERAL INFORMATION cont.

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
PO 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 benefit arrangements for 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.

Note: From 21 November 2008, your spouse can be a person of the same sex as yourself for benefit splitting or flagging purposes.

SUPERANNUATION NEWS

CO-CONTRIBUTIONS

For eligible employees who contribute to Combined Fund from after-tax salary, the Government will contribute up to \$1500 for the year ending 30 June 2009. Your contribution and the Government's Co-contribution are not subject to contributions tax and are returned to you tax-free at retirement.

An eligible employee is a person:

- whose assessable (gross) income including reportable fringe benefits is less than \$60,342 for the year ending 30 June 2009;

- who is less than 71 years old;
- who does not hold a temporary resident visa; and
- who earns 10% or more of their income from employment.

The following table shows the amount of personal contribution you need to make to receive the maximum co-contribution from the Government based on your Assessable Income.

Your Assessable Income \$	Your Contribution \$	Maximum Government Co-Contribution \$	Your Assessable Income \$	Your Contribution \$	Maximum Government Co-Contribution \$
Up to 30,342	1,000	1,500	46,000	478	717
31,000	978	1,467	47,000	445	667
32,000	945	1,417	48,000	411	617
33,000	911	1,367	49,000	378	567
34,000	878	1,317	50,000	345	517
35,000	845	1,267	51,000	311	467
36,000	811	1,217	52,000	278	417
37,000	778	1,167	53,000	245	367
38,000	745	1,117	54,000	211	317
39,000	711	1,067	55,000	178	267
40,000	678	1,017	56,000	145	217
41,000	645	967	57,000	111	167
42,000	611	917	58,000	78	117
43,000	578	867	59,000	45	67
44,000	545	817	60,342	Nil	Nil
45,000	511	767			

Example: If your assessable income is \$44,000 pa, you must contribute at least \$545 by 30 June 2009 to obtain the **maximum** co-contribution of \$817 for that level of income.

The maximum co-contribution reduces by 5 cents for each dollar of your assessable income which exceeds \$30,342.

EMPLOYER AND SELF-EMPLOYED CONTRIBUTIONS (INCLUDING SALARY SACRIFICE CONTRIBUTIONS)

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 2009 will be taxable to you 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 applies 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%. Contributions received in excess of these limits must be taxed at 46.5%.

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

OTHER CONTRIBUTIONS

A limit of \$150,000 per annum applies to personal non-deductible contributions (indexed in line with the \$50,000 deductible contribution limit above). However, members under age 65 may 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).

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

No personal contributions can be made after age 75.

FINANCIAL INFORMATION

The Financial Statements of Combined Fund for the year ended 31 December 2008 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, 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 2009. The accounts will then be available for inspection by the members on request.

	2008 \$	2007 \$
STATEMENT OF CHANGES IN NET ASSETS		
Net market value of assets available to pay benefits at start of year	475,648,857	429,481,881
PLUS		
Contributions from employers	46,078,264	44,135,166
Contributions from members	3,422,513	13,603,451
Rollovers received	9,595,986	12,445,346
Insurance proceeds	1,452,570	940,080
Investment earnings	(100,654,725)	29,601,789
Other income	8,713	1,406
Taxation credits	5,772,924	0
LESS		
Benefits paid	40,852,515	42,664,743
Insurance premiums	2,076,118	2,464,323
Administration and management expenses	3,255,379	3,013,489
Taxation expenses	0	6,417,707
Net market value of assets available to pay benefits at end of year	395,141,090	475,648,857
STATEMENT OF NET ASSETS		
Investments	246,254,481	425,676,707
Cash	137,313,082	52,987,411
Other assets	2,803,886	2,410,253
Future income tax benefits	8,983,968	0
LESS		
Creditors and accruals	214,327	299,491
Liability for taxation	0	5,126,023
Net market value of assets available to pay benefits	395,141,090	475,648,857

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 0.55% pa.	<ul style="list-style-type: none"> • Australian Shares 0.82% pa • International Shares 0.60% pa • Property 0.81% pa • Interest Nil • Growth 0.67% pa • Balanced 0.55% pa • Conservative 0.23% pa • SRI Balanced 0.82% pa
EXPENSE RECOVERY FEE Other expenses of operating the Fund which are not deducted from your Account. For 2009, these expenses are estimated to be 0.534% pa (0.0445% per month) of the total net assets of the Fund after allowing for the expenses which are deducted from your Account.	0.0445% 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

ADDITIONAL EXPLANATION OF FEES AND COSTS

Example of annual fees and costs for a Balanced investment option for 2009

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 Investment Manager Fees and estimated Expense Recovery Fee)	\$52 (\$1 per week) plus 0.534% plus 0.55%	And, for every \$50,000 you have in the Fund, you will be charged \$542 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 \$594.

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 2008 was 0.531% pa of total net assets of the Fund. Our estimated fee at the start of 2008 was 0.427% of assets.

However, the downturn in the share and property markets during 2008 reduced the Fund assets which meant that Fund expenses represented a higher percentage of those assets.

The Expense Recovery Fee has reduced significantly (by almost 20%) from a fee of 0.662% of assets for 2005.

We estimate that the Expense Recovery Fee for 2009 will be 0.534% pa of total net assets (based on a total net asset amount of \$435 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 the next page 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 were 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.**

Note: 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 \$145,000 – 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 \$145,000 threshold for the Post 30 June 1983 component (now known as the Low Rate Cap Amount) is applicable for the 2008/2009 tax 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. However, no tax is payable on any pension payments made to you after age 60 and such payments do not account towards assessable income.

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 (including a person of the same sex);
- financial dependant;
- interdependant; or
- a child (including a child of a same sex couple) 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 16.5% including Medicare Levy.

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.

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 (ABN 32 064 976 138), 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 page).

As at 31 December 2008, the three-year terms for Clovis Bonner, Ted Collins, Richard Sait and Alan Williamson expired. Elections were held and the following directors were elected for a three-year term ending 31 December 2011.

Member Representative

Ray Russell

Richard Sait

Employer Representative

Clovis Bonner

Alan Williamson

Trustee Directors	Meetings Attended In 2008	Representing
Clovis Bonner	6/6	Overnewton Anglican Community College
Brian Collins*	6/6	Braemar College
Ted Collins* (ceased to be a director 31 December 2008)	5/6	Gippsland Grammar
Rob Daniel*	6/6	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
Ray Russell* (commenced as Director 1 January 2009)	N/A	The Geelong College
Richard Sait*	6/6	Taylor's College
Peter Trewin	6/6	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	Meetings attended in 2008
Brian Collins	6/6
John Evans	5/6
Frank Reid	5/6
Doug Watson	5/6
Terry Wills Cooke (Chairman)	6/6
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	5/6
John Evans	5/6
George Kogios	6/6
Peter Trewin	4/6

During the year, an interim committee, the **Governance Structure and Succession Review Committee**, was formed to review the Trusteeship of the Fund. The Committee met five times and its members, Clovis Bonner (Chairman), George Kogios, Richard Sait and Alan Williamson attended all of those meetings.

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 2008, they were:

Administration

Group Benefits Pty Ltd

Financial Audit

Deloitte Touche Tohmatsu

Risk Management Audit

Deloitte Touche Tohmatsu

Investment Advice

CPG Research and Advisory Pty Ltd
(formerly Counterpoint Group)

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
- AMP Capital Investors Limited
- Australian and New Zealand Banking Group Limited
- ANZ Specialist Asset Management Limited
- Basis Capital Funds Management Limited
- Bellwether Partners Pty Ltd
- Cooper Investors Pty Limited
- Integrity Investment Management Australia Limited
- INVESCO Australia Ltd
- Investa Funds Management Limited
- Lend Lease Real Estate Investments Limited
- MFS Investment Management (the international investment group, not the Australian property manager)
- S G Hiscock and Company Limited
- State Street Global Advisers Australia Limited
- Warakirri Asset Management Pty Ltd
- Westpac Banking Corporation



COMBINED FUND

A lifetime of Growth



CONTACT US

The Fund Administrator
Combined Fund
Level 9, 155 Queen Street
Melbourne Victoria 3000

GPO Box 4559
Melbourne Victoria 3001

Toll Free 1800 200 801
Telephone 03 9691 2900
Facsimile 03 9640 0787

Email super@combinedfund.com.au
Website www.combinedfund.com.au