

## CHANGES TO THE FUND'S INVESTMENT OPTIONS

- The Fixed Interest and Cash options will be closed from 30 November 2007 and will be replaced by a new INTEREST option at 1 December 2007.
- The Capital Stable option will also be closed from 30 November 2007 and will be replaced by a new CONSERVATIVE option at 1 December 2007.

As an investor in one or more of these options, you now have a choice:

1. **Do nothing** – in which case, on 30 November, any money you currently have directly invested in the Fixed Interest and/or Cash option will be transferred to the new Interest option and any money you have in the Capital Stable option will be transferred to the new Conservative option. In addition, future contributions to your Fund account will be allocated to the new Interest and/or Conservative option in the same proportions that currently apply to new contributions for you to the Fixed Interest, Cash or Capital Stable options.

OR

2. **If you prefer to arrange an alternative investment spread, please complete the enclosed Investment Switch Form and return it to us before 28 November 2007.** We will then re-allocate your current account and future contributions from 1 December 2007 in accordance with the investment choice you have indicated on that form.

### WHY ARE WE MAKING THESE CHANGES?

Feedback from members has shown us clearly that those who take a conservative view of their superannuation investments are looking for more certainty and stability of returns than current Fixed Interest and Capital Stable options can provide.

Contrary to the understanding of many members, Fixed Interest investments are not made up of fixed term deposits with banks. Fixed term deposits are Cash investments and will comprise the new Interest option.

Fixed Interest investments generally comprise Government and semi-Government Bonds and corporate bonds but also include other credit based investments. The market value of Fixed Interest securities fluctuates depending upon prevailing interest rates. If interest rates rise (as they have for almost six years), the market value of a Fixed Interest can fall and produce a negative return.

Capital Stable options traditionally have around 40% of their total assets in Fixed Interest securities and, therefore, a negative return for Fixed Interest can have a significant negative impact upon Capital Stable option returns.



A good example of this was in 1994 when there were three increases in official interest rates in Australia – from 4.75% to 7.5%. The return from Australian Fixed Interest for 1994 was -6.8% and the average return of Capital Stable was -3.8%. Again, in 1999, Fixed Interest had a negative year (-1.8%) and Capital Stable averaged only 4.3% return for the year.

Interest rates in Australia have been slowly rising since December 2001 (when they reached a low of 4.25%) and are now at 6.5% with the likelihood of further increases in the future.

Since December 2001, Australian Fixed Interest has returned an average of 5.23% pa and, during those 5¾ years, there were several months of negative returns.

For that same period, Cash also returned 5.23% but, with Cash, there was virtually no likelihood of a negative return.

International Fixed Interest has returned an average of only 0.68% pa. for that past 5¾ years.

Accordingly, returning to the earlier point of wanting more certainty and stability of returns from conservative investments, we are:

- (1) Withdrawing the Fixed Interest option and the Cash option;
- (2) Replacing **both** of those options with a new Interest option which will comprise only investments in fixed term deposits with the four major banks as well as a small proportion of “at-call” deposits with those banks. Under these arrangements, a negative return could only occur in our Interest option if one or more of Australia’s four major banks defaulted (an extremely unlikely event);
- (3) Withdrawing the Capital Stable option and replacing it with a new Conservative option. Under this new option, the relatively small allocations to shares and property previously made in the Capital Stable option will be maintained but the previous Fixed Interest and Cash allocations will utilise the new Interest option.

Further details of these changes are provided in the enclosed Supplementary Product Disclosure Statement.

As already mentioned, these changes will take effect from 30 November 2007. However, unless you wish to make other changes to your investment spread, you do not need to take any action.

If you do wish to switch to one or more of the Fund’s other six investment options, please complete the enclosed form and return it to us before 28 November 2007.

There are no changes to the other six investment options offered by the Fund ie:

Australian Shares	Balanced
International Shares	Growth
Property	Sustainable Responsible (SRI) Balanced

If you have any questions, please call us on 1800 200 801.

31 October 2007